Austria	Sch 18	Indonesia	Rp 2500	Portugal	Esc 80
Bahrain	Din 0.650	Italy	L 1300	S. Arabia	Rls 6.00
Belgium	BFr 42	Japan	Y550	Singapore	S$ 4.10
Canada	C$1.00	Jordan	Fils 500	Spain	Pta 110
Cyprus	C£0.60	Kuwait	Fils 500	Sri Lanka	Rup 30
Denmark	DKr 7.25	Lebanon	LL 8.00	Sweden	SKr 6.50
Egypt	E£1.00	Luxembourg	LFr 42	Switzerland	SFr 2.20
Finland	Fmk 6.00	Malaysia	Rm 4.25	Taiwan	NT $65
France	FFr 6.00	Mexico	Pes 300	Tunisia	Din 0.600
Germany	DM 2.20	Morocco	Dh 6.00	Turkey	L 210
Greece	Dr 70	Netherlands	Fl 2.50	U.A.E.	Dh 6.50
Hong Kong	HK$ 12	Norway	NKr 6.00	U.S.A.	$1.00
India	Rup 15	Philippines	Pes 20		

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,817 — Tuesday December 31 1985 — D 8523 B

World news — Business summary

UK drafts extra 550 troops into N. Ireland

The British Army is drafting into Northern Ireland an extra 550 soldiers. This is the first time extra soldiers have been called into the province since the Republican death fasts of 1981 and it underlines the increased tension since the signing of the Anglo-Irish agreement on November 15.

A battalion from the Royal Anglian Regiment will be deployed early in January in Fermanagh, Londonderry, Tyrone and Armagh, where Royal Ulster Constabulary stations have been hit in seven recent IRA attacks.

The IRA attacks have caused particular problems because threats to kill any builders working for the security forces have halted work on new police and army contracts and reconstruction of damaged buildings. Page 12

Assad-Hussein talks

President Hafez al-Assad of Syria and King Hussein of Jordan met in Damascus for talks aimed at normalising relations between neighbouring countries which have been at loggerheads for six years. Page 12

Two militiamen killed

Two pro-Israeli militiamen were killed and six people, including an Israeli soldier, were wounded by guerrilla attacks in Israel's self-declared security zone in south Lebanon.

Hostages plan

The three terrorists responsible for the attack on Vienna's international airport intended to take Israeli hostages and fly them to Tel Aviv, Austrian Interior Minister Karl Blecha said.

Ceasefire signed

President Moussa Traore of Mali signed a ceasefire agreement to stop fighting in his country's border war with Burkina Faso.

Zimbabwe unity

Zimbabwean Prime Minister Robert Mugabe said his ruling Zanu-PF party and the main opposition PF-Zapu had agreed to establish a socialist one-party state. Page 2

Spanish shooting

Suspected Basque guerrillas shot dead a Spanish Civil Guard who was head of security at the French Michelin tyre works at Lasarte, near San Sebastian.

Japanese launch

Asahi Shimbun, Japan's leading newspaper, is to be printed in London from early next month. Initial print run will be about 6,000, with copies flown to European centres. Page 3

Oil hopes dashed

Norwegian hopes of finding another big oilfield near the Statfjord and Gullfaks discoveries in the North Sea have been dashed. Page 2

Soccer fan jailed

A Brussels court sentenced a British football fan to 40 months imprisonment for maiming an Italian with an iron bar after the European Cup final at Belgium's Heysel Stadium last May.

Dhaka protest

Bangladesh students set fire to the home of Dhaka University's vice chancellor and ransacked his office in retaliation to a police raid on a residence hall.

Kuwait holds four

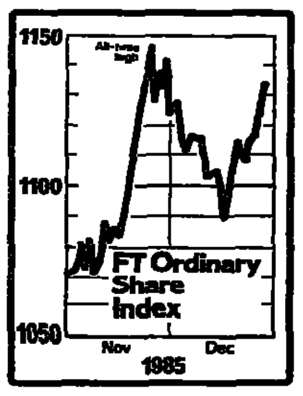
Kuwait arrested three Lebanese and a Syrian alleged to be planning to sabotage power and desalination plants.

Climber escapes

A Norwegian mountaineer was swept by an avalanche 1,000 metres down a cliff near Aandalsnes and escaped with a broken ankle.

Frankfurt stocks rise to record

FRANKFURT: The Commerzbank index reached its fourth consecutive record level, adding 14.4 to 1,951.5 during active trading among leading issues in several sectors. Page 30



LONDON equities firmed for the fourth consecutive session. The FT Ordinary share index added 9.7 to 1,133.0. Page 30

WALL STREET: The Dow Jones industrial average closed 7.46 up at 1,550.46. Page 30

DOLLAR was weaker in London, closing at DM 2.463 (DM 2.472), FFr 7.5625 (FFr 7.585), SFr 2.079 (SFr 2.0875) and Y201.0 (Y202.2). On Bank of England figures the dollar's index fell to 125.8 from 126.3. Page 23

STERLING showed small mixed changes in London. It gained 10 points against the dollar to $1.439 but fell to DM 3.545 (DM 3.555), FFr 10.8825 (FFr 10.9075), SFr 2.9925 (SFr 3.0) and Y289.25 (Y290.75). The pound's exchange rate index rose 0.1 to 78.0. Page 23

GOLD rose $0.50 on the London bullion market to $327.50 and was 25 cents higher in Zurich, also to $327.50. Page 22

BIS figures show that a sharp increase in foreign borrowing by the Soviet Union during the first half of 1985 was accompanied by a marked shortening in the maturity profile of its debt. Page 13

SOVIET UNION and East Germany have signed an agreement covering the next five years which will ensure they remain each other's most important trading partner. Page 3

YUGOSLAVIA froze interest rates, indicating growing disagreement with the IMF, which has proposed counter-inflationary measures. Page 2

US HEALTH care services group, National Medical Enterprises, reported sharply higher fiscal second-quarter operating revenues but flat net income. Page 13

HNG/INTERNORTH, US energy group, warned of a significant year-end write-off because of the Peruvian Government's weekend nationalisation of the group's Belco petroleum subsidiary. Page 13

IMPERIAL GROUP, UK brewing, tobacco and food company fighting a £1.9bn takeover bid from Hanson Trust, announced a 12.3 per cent dividend increase for 1985. Page 3

DRUGS: Bulk buying by Unicef has prompted a fall in world prices of essential drugs, according to the charity's medical procurement chief. Page 3

AIRLINES worldwide carried a record 892m passengers on international and domestic scheduled services in 1985 against 841m in 1984. Page 12

UNION CARBIDE, US chemicals group, announced plans to sell its engineering polymers and composites business to Amoco Chemical for $210m. Carbide court victory, Page 12

FEDERALE Volksbeleggings, troubled South African industrial holding company, is to refinance itself with a R100m ($37.8m) issue of ordinary shares. Page 14

The Financial Times will not be published tomorrow. We wish our readers a very happy new year.

EEC anger over unilateral US curb on steel products

BY QUENTIN PEEL IN BRUSSELS

THE SIMMERING steel trade conflict between the US and the EEC boiled over again yesterday when Washington announced unilateral curbs on European exports of semi-finished products, according to the European Commission.

The move to set a ceiling of 400,000 tonnes on EEC exports of semis from tomorrow was immediately condemned by EEC officials in Brussels as unjustified. They announced that counter-measures to offset the estimated $50m damage to EEC trade were under urgent consideration.

The US curbs do allow for an extra 200,000 tonnes of semi-finished products to be imported from the EEC each year at the discretion of the US Trade Representative, in a move designed to make allowance for a long-term contract between the British Steel Corporation and Tuscaloosa Steel of Alabama.

However, although the ceilings are much as expected in Brussels, the European anger is at the unilateral decision to impose the curbs, instead of going through agreed consultation processes.

Officials at the European Commission say current EEC exports of semis to the US are averaging 900,000 tonnes a year.

Semi-finished steel was the one major product left outside the new global steel agreement between the EEC and the US, which comes into effect today. As a "consultation product," however, new curbs are only supposed to be implemented after negotiation, and if it can be shown either that exports have increased sharply or that trade has been diverted from other products subject to quotas.

Mr Willy De Clercq, the European Commissioner responsible for external trade, condemned the move yesterday, saying that neither of the two conditions for curbs had been fulfilled. "These unilateral measures are unjustified," he said.

A separate statement issued by the member-states also denounced the Washington move and reiterated their "total disapproval" of such unilateral measures. They said the curbs were also in defiance of the standstill undertaking given by the US in the General Agreement on Tariffs and Trade.

The statement said the EEC was "studying the appropriate compensatory measures" and officials estimated the damage caused to EEC exports at about $50m.

The dispute has come to a head in spite of agreement on the overall steel trade deal finalised on December 11, after Britain was satisfied about the special allowance for the BSC-Tuscaloosa contract.

Brussels officials said the Washington announcement was for the curbs on semis to last the full course of the agreement – until September 30 1989.

British Steel's contract was for 250,000 tonnes a year of steel slabs, rising to 600,000 tonnes by 1989, and the UK wanted assurances for additional tonnages from 1987 onwards.

The wide-ranging, four-year steel sales restraint agreement provides for quantitative restrictions on all the major categories of EEC steel exports except for semi-finished products. The deal was negotiated over the past four months to replace the expiring 1982 carbon steel agreement and only finalised when it was agreed to keep semis as a "consultation product." It is intended to keep EEC sales to within 5.5 per cent of the US steel market.

It has long been clear that semis would be the most difficult product to accommodate in any agreement. The US had already negotiated curbs with its other leading suppliers, leaving very little margin to allow EEC suppliers anything like their current level of sales.

Winnie Mandela faces charge after arrest

BY JIM JONES IN JOHANNESBURG

MRS WINNIE MANDELA, wife of imprisoned black nationalist leader Mr Nelson Mandela, was arrested by South African police yesterday as she tried to return to her Soweto home in defiance of a ministerial banning order.

The arrest is her second in just over a week and forms part of a growing public confrontation between Mrs Mandela and the authorities from which neither can easily back down.

Mrs Mandela had returned yesterday to Johannesburg's Jan Smuts airport from visiting her husband in Pollsmoor prison outside Cape Town and was arrested after security police vehicles had forced her car to stop as she drove from the airport to the city limits.

After her arrest Mrs Mandela was taken to the Krugersdorp police station. She is being held overnight and will appear in court today.

On the Saturday before Christmas the terms of Mrs Mandela's old banning order were relaxed. These were replaced by a new order that prohibited her from entering Johannesburg or Soweto. On December 21 police forcibly removed Mrs Mandela from her Soweto home and arrested her when she returned the following day. She is to appear in court on January 22 to face charges of contravening her banning order.

Mrs Mandela has made no secret of her determination publicly to defy the banning order which is imposed by ministerial edict with no right of appeal to the courts.

Her previous banning order was imposed in 1977 and confined her to the remote Orange Free State town of Brandfort although the police generally turned a blind eye during the past year or more when she left Brandfort and attended political rallies around the country denouncing apartheid.

She is to contest the fairness of the present banning order in the Supreme Court on January 7. Her lawyers had negotiated unsuccessfully with the State Attorney for the order to be set aside until the Supreme Court hearing.

The Supreme Court appeal is another challenge to the Government, which strenuously maintains that the country's courts are independent. If the Supreme Court decides that it cannot rule on the banning order, or if it finds the order unfair and Mr Louis Le Grange, the Law and Order Minister, declines to relax the banning, the point will have been made that ministers are above the law.

On the other hand, it is difficult to see Mr Le Grange relaxing the order in response to a Supreme Court decision without causing President P. W. Botha's Government grave loss of face.

Continued on Page 12
Black boycott resumes, Page 2

Agreement in doubt over aid package for Pan-Electric

BY CHRIS SHERWELL IN SINGAPORE

A RESCUE PLAN for Pan-Electric Industries, the debt-ridden Singapore salvage and property group, hung in the balance last night as James Capel, the London stockbroking firm, baulked at proposals to relieve the company of S$140m ($66m) of forward share purchase contracts.

It now appears doubtful that today's deadline for implementation of the plan can be met, and there is some concern in Singapore at the possible reaction on the Singapore and Kuala Lumpur stock exchanges. Trading on both exchanges was suspended for three days this month after Pan-Electric's 37 bank creditors placed it in receivership.

Under the rescue plan agreed in Singapore on December 11, Mr Tan Koon Swan, the Malaysian entrepreneur and politician, was due by today to take on personally Pan-Electric's forward share purchase commitments and inject S$40m in new funds into the company.

The bank creditors in turn agreed to the postponement of payment of interest and principal on some S$400m of debt for three months. Detailed proposals to restructure the company's finances would then be worked out.

Last Saturday, under the eye of the Monetary Authority of Singapore, the island state's quasi-central bank, Mr Tan and broking firms from Singapore and Malaysia signed agreements substituting Mr Tan's name on the share contracts for Pan-Electric.

James Capel made clear last night that it did not feel bound by the December 31 deadline as it had not been involved in the discussions leading up to the rescue proposals. It sees itself as a creditor of Pan-Electric, rather than a party to the plans worked out by the Singapore brokerage community.

Capel also emphasised that it was prepared to consider any formal proposal from Mr Tan, but had yet to be contacted by him.

The London broker's involvement in the affair springs principally from the refusal by Y.K. Fung, a Malaysian broking firm, to take delivery of shares from James Capel under maturing forward share deals involving Pan-Electric.

James Capel's exposure is estimated at around S$27m, and the default forced Capel to pay that amount out of its own resources to another broker in the chain to protect its name.

Y.K. Fung insists that it has not defaulted, saying it doubts the legality of the contracts. But Capel also has direct contracts with Pan-Electric, and is withholding support for the Saturday agreement until Y.K. Fung pays up. James Capel believes the proposed special Malaysian "lifeboat" scheme should be activated to render support for Kuala Lumpur brokers similar to that arranged by the Singapore authorities.

Unless the Capel-related contracts are reversed out of Pan-Electric, the rescue plan is threatened. But Pan-Electric's bank creditors may be prepared to go ahead with a financial restructuring without James Capel's agreement, provided Mr Tan indemnifies them

Westland seeks Thatcher help on rescue plans

BY LIONEL BARBER IN LONDON

WESTLAND, Britain's ailing helicopter manufacturer, yesterday appealed to Mrs Margaret Thatcher, the British Prime Minister, to help to resolve the battle between Sikorsky/Fiat and the European aerospace consortium that have presented rival rescue plans for the company.

In a two-paragraph letter, Sir John Cuckney, Westland's chairman, has asked Mrs Thatcher to clarify whether his company will be considered a European company if it supports the proposal by Sikorsky, the US helicopter maker, and Fiat of Italy, to take a minority stake in the company.

The letter, approved by the Westland board, which met in London yesterday, is understood to reflect fears that Westland could face discrimination by the British Ministry of Defence on future procurement decisions. Some Westland board members are also worried that if they adopt the Sikorsky/Fiat proposal they could jeopardise Westland's participation in future pan – European helicopter projects.

Last night Downing Street declined to comment on Sir John's correspondence. But officials at the Ministry of Defence, which strongly supports the European consortium proposal, said the letter offered a chance to reopen what they view as a much-needed debate on Westland's future and its effect on European defence collaboration.

Over the past week, Mr Michael Heseltine, the Defence Secretary, has pressed Cabinet colleagues to discuss these issues before Westland shareholders vote on the Sikorsky/Fiat proposal on January 14, MoD officials said. Mr Heseltine would like to convene a Cabinet sub-committee meeting before the full Cabinet reassembles on January 9, the officials said.

The timing and the content of Mrs Thatcher's response to Sir John's letter is considered critical by all parties involved in the battle over Westland, which has been raging in Whitehall and the City of London for almost three weeks.

For the Westland board, which yesterday gave the first firm indication that it was prepared to put the European consortium offer to its shareholders, it provides a breathing space. While Mrs Thatcher ponders her reply, the Westland board can put pressure on Sikorsky and Fiat to improve the financial terms of the offer, which they now concede is inferior to the European proposal.

Sir John said yesterday that he had asked Lloyds Merchant Bank, adviser to the European consortium, to put forward one single proposal which he could then pass on

Continued on Page 12

US economic index shows slow growth

BY REGINALD DALE, US EDITOR, IN WASHINGTON

THE US index of leading economic indicators rose by only 0.1 per cent in November, the smallest increase since June, the Commerce Department reported yesterday. The provisional figure confirmed widespread expectations that the pace of US economic growth would remain modest in the months ahead.

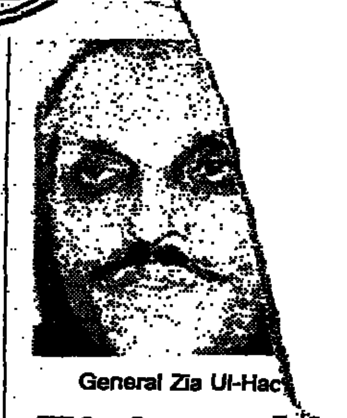
The 0.1 per cent November increase followed gains of 0.4 per cent in the index in September and October. Without last month's big rise in stock prices the November figure would have been down by 0.3 per cent the first decline since April.

November's weak performance was in line with predictions by many private analysts that the US economy will grow by only about 2.5 to 3 per cent next year, little better than in 1985. Earlier this month an initial estimate by the Commerce Department put overall 1985 growth at 2.4 per cent

The Reagan Administration, however, is now predicting a solid 4 per cent growth in the coming year, the same as its original, unattained target for 1985. The Administration, with some private economists, is pointing to the recent surge in stock prices and declining interest rates as evidence of economic revival.

Mr Malcolm Baldrige, the Commerce Secretary, said yesterday that the index's performance suggested "moderate growth ahead." The index had gained an average of 0.4 per cent a month over the past seven months, he said.

The sharp rise in the stock market was the biggest positive influence on the November composite index, with only three other of the 11 indicators showing increases. They were net business formation, raw materials prices and manufacturers' orders for consumer goods.



General Zia Ul-Haq

Zia's end to martial law brings mixed response

By Mohammed Aftab in Islamabad

PAKISTAN'S politicians reacted with a mixture of scepticism and hope to the announcement yesterday by the country's military ruler, General Zia ul-Haq, that martial law was to be lifted after eight years.

Speaking in the National Assembly set up a year ago, Gen Zia said sections of the constitution relating to human rights and the jurisdiction of the courts would be restored and appealed to members of Parliament and politicians to strengthen democratic institutions.

Political parties remain banned, however, and Gen Zia will continue in the presidency until 1990 under a mandate he claims he was given in a referendum on his policies a year ago. Although Mr Mohammed Khan Junejo was elected as Prime Minister, Gen Zia, as army chief, still retains the power that he gained following his overthrow of the late Mr Zulfikar Ali Bhutto in 1977.

Mr Junejo yesterday asked all politicians, including the banned parties, to co-operate with him so that any future change in government would be orderly and undertaken in a constitutional manner.

"Pakistan will be called a constitutional state from today," Mr Junejo said. He urged that the process of democracy should be fully safeguarded. "If any elements try to disturb law and order such disruptive attempts should be foiled with full force and valour," he said.

Opposition politicians claimed that the change would make little difference, although some noted that President Zia appeared to have gone further than expected in restoring constitutional rights.

Mr Arshad Chaudry, deputy leader of the opposition grouping the Movement for the Restoration of

Continued on Page 12
Zia's political balancing act, Page 2

CONTENTS

FOREIGN ;sels makes A ye m for erian arrivals

BY COLIN ENTIN PEEL IN BRUSSELS

This has ' trasting rec exchanges, ing a re rising to later fall has also turmoil pressur to the control The the fir keep Syste conce defic the

LS IS gearing itself for ian invasion when Spain rtugal become full mem- the EEC tomorrow. third enlargement of the unity to 12 members— e the founding member- of six—means a new aval of jobs in the Euro- institutions, of ways of king and political alliances ween the different member dries, and of the economic hemistry in a Common Market of 321m people.

As many as 1,500 jobs in the Brussels bureaucracy are likely to be involved in the change-over, with present incumbents granted golden handshakes to make way for Spanish and Portuguese successors.

The first to be allocated will be the new portfolios among 17 members of the European Commission, compared with the present 14. Mr Jacques Delors, the Commission president, is hoping for a smooth transition to the new team on Friday, to match the amicable division of jobs just one year ago.

The problem for the president is that he has to persuade his present Commissioners to give up jealously-guarded parts of their present portfolios, and match them with the ambitions of the arrivals. To give them a good example, Mr Delors has announced that he will give up responsibility for monetary affairs, and for the potentially-powerful job of co-ordinating spending on the structural funds — social, regional and Mediterranean spending.

Mr Manuel Marin, the senior Spanish Commissioner, is expected to take over responsibility for social affairs from Mr Peter Sutherland, the Irish Commissioner, and the employment portfolio from Mr Alois Pfeiffer of West Germany. Mr Sutherland will still keep the key field of competition, and Mr Pfeiffer economic affairs.

The other jobs may prove less easy to define. There was a suggestion that Portugal's Mr Antonio Cardoso e Cunha should get fisheries, currently the responsibility of Mr Frans Andriessen of the Netherlands. That was not to the liking of Lisbon (it was too peripheral), nor of Madrid (it was too close to the vital Spanish fishing interests). The alternative would be for Mr Stanley Clinton Davis of the UK to give up his transport portfolio, in which he has been particularly active in fighting for liberalisation of air services.

Spain's second job for Mr Abel Matutes could be research and technology, if Mr Karl-Heinz Narjes of West Germany can be persuaded to settle for industry alone — although he could perhaps be given the sop of co-ordinating the structural funds.

On the institutional front, the full membership of Spain and Portugal will change the voting patterns in the Council of Ministers. Whenever issues can be decided by qualified majority voting — on farm policies, for example — it will give blocking minorities both to the northern and southern fringes of the Community.

Spain will have eight votes and Portugal five in a new total of 76 votes in the Council, where Britain, France, Germany and Italy each have 10, Belgium Greece and the Netherlands have five each, Denmark and Ireland three, and Luxembourg two votes.

The accession will also change the balance of power in the European Parliament, giving the Socialist and left-wing groups a majority of the assembly over the centre-right parties.

On the economic front, enlargement will have the most dramatic consequences for the Common Agricultural Policy. Spanish membership alone will increase the acreage devoted to farming in the EEC by 30 per cent, and the number of active farmers by 25 per cent, while the number of consumers only increase by 14 per cent.

Oslo's hopes dashed for offshore oil bonanza

By Fay Gjester in Oslo

NORWEGIAN hopes of finding another giant oil field, near the Statfjord and Gullfaks discoveries in the North Sea, vanished during the Christmas holidays. Geological samples taken from the first well on a newly allocated block (licence area) showed that the layers believed to contain huge oil reserves actually held only small amounts of gas and condensate.

The news, announced at the weekend by Norsk Hydro, operator on the block (34/8), is a bitter disappointment to the Oslo Government, the 34/8 licencees, and the country's oil-related industry generally.

Development of the oil which everyone had expected to find on 34/8 was planned to help maintain government petroleum revenues and industry activity in the 1990s, when output from several Norwegian fields now in production will have ceased, or fallen sharply.

Norway has two large North Sea gasfields ripe for exploitation — Troll and Sleipner — but so far has been unable to find buyers for the gas at prices that would make their development worthwhile. The Government has therefore given priority to allocating new licences in areas believed to contain oil, rather than gas. The 34/8 disappointment is a serious setback to this "oil first" policy.

Industry confidence in the oil potential of 34/8 was so widespread that it was the most coveted block in the last licensing round. The share-out of stakes in it caused problems with the Opposition —which objected to the large shares given to foreign oil majors Conoco and Elf Aquitane — and acrimony between the Norwegian Government and Mobil, which refused the licences it was offered, after failing to secure a part of

The bad tidings could force a revision of the Government's oil strategy, including a speed up of Norwegian Shelf exploration and possibly tax concessions to encourage development of oil and gas fields which are not economic under current tax rules.

Norsk Hydro is continuing work on the 34/8 well, which is now at 2,900 metres and will be drilled to a total depth of 3,800 metres. The company agrees with government experts that there is a chance of finding worth while amounts of hydrocarbons further down, but it says the hoped-for giant discovery simply is not there.

Partners on block 34/8 are Statoil (50 per cent), Norsk Hydro (18 per cent), Conoco and Elf (13 per cent each) and Saga Petroleum (6 per cent).

John Elliott, recently in Islamabad, reports on the implications as martial law is lifted

Zia sets himself a political balancing act

GENERAL ZIA UL-HAQ of Pakistan yesterday did what seemed virtually impossible until relatively recently. He voluntarily ended the regime of martial law which started in July 1977. Then, as army chief of staff, he overthrew the regime of the late Zulfikar Ali Bhutto and installed himself as cheif martial law administrator and President.

Gen Zia remains President, having interpreted a referendum on his Islamisation policies a year ago as a mandate for him to stay in that office for five years. He has not yet given up the post of chief of army staff, but his job as martial law administrator ended yesterday with the announcement in parliament that martial law was lifted.

Now he has to use his immense personal political skills to stay in power, partially sharing that power with the country's elected but non-party National Assembly which was formed early this year and with the Prime Minister, Mr Mohammad Khan Junejo, who took office at the same time.

President Zia's achievement is that he has stayed in power, virtually unchallenged, for over eight years. He has run a régime which, despite some martial law excesses, has been generally tolerated by Pakistanis and is also generally acknowledged as being less brutal than the worst of the Bhutto years.

One of the main legacies of the past eight years is the policy of Islamisation, which has diverted some attention from the martial law regime. It has been deplored when it has limited women's and other freedoms or meted out harsh penalties—four men convicted of raping Bangladeshi women were publicly flogged in the southern Pakistan city of Hyderabad on December 21.

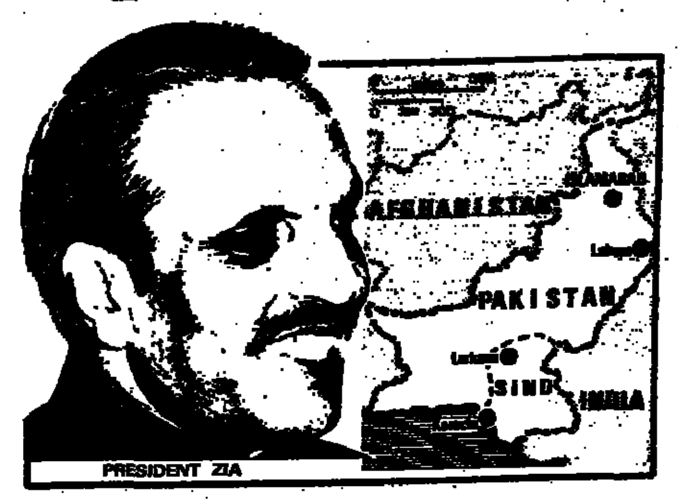
But other measures, for example the introduction of a form of interest-free Islamic banking, have met no real opposition and are now widely regarded as a permanent feature.

The economy is still fragile, propped up by US aid which has poured in since the Soviet invasion of Afghanistan and by remittances from Pakistanis working abroad. The remittances have dropped sharply from a peak of about $3bn a year to $2.4bn and the country has yet to produce exports to fill the gap.

A potential economic crisis last summer when foreign reserves fell sharply to only $322m, was averted, but there are severe problems with the balance of payments and the budget deficit which have to be faced.

Any severe decline in the economy could spark unrest which is simmering under the surface, especially in the southern province of Sind, where a tide of nationalism has started to build up in the past two years.

How the new balance of power between the Assembly and Mr Junejo on the one hand and the Army and Gen Zia on the other will work in practice



PRESIDENT ZIA

is not yet clear. No one has any doubt that the generals intend to keep a grip on the country and many of the martial laws, including those which control the freedom of politicians to move around the country, have been absorbed into the constitution.

Political parties are still banned, but the Government will announce its policy on parties in the next few days. The next elections are due in 1990, for both the Assembly and the job of President.

The ban on parties weakens the power of the National Assembly and of the Prime Minister, in relation to the President and the Army. Some semi-formal groupings have emerged in the Assembly, one linked with the Prime Minister, but they have no grassroots base.

"For all practical purposes, martial law is being perpetuated in civilian form," says Mr Ghulam Mustafa Jatoi, a leader of the People's Party of Pakistan, the country's largest banned party.

President Zia has been able to stay in power and prepare the terms of yesterday's change partly because most of Pakistan's 90m population is tired of the upheavals, violence and lack of direction under the politicians who have governed in the name of democracy since the country gained independence from Britain in 1947.

Today, the established political parties are broken and divided, with only Miss Benazir Bhutto, daughter of the late Prime Minister and acting-leader-in-exile of the Pakistan People's Party, as a potential national figure.

But Gen Zia and his senior military colleagues are still apprehensive about the potential influence of the parties. Only last weekend leaders of banned parties grouped in the Movement for the Restoration of Democracy were arrested in advance of a mass meeting they were planning for Christmas Day in Lahore. The meeting was banned and the 300 activists held for a couple of days.

Arguably, the parties cannot themselves be totally blamed for their lack of success. A series of coups since 1947 have robbed them of the stability needed to mature into organisations which could easily survive being banned for seven years by the Zia regime.

The political parties in Bangladesh, part of Pakistan till 1972, have the same problem and are weak in the face of the military regime run there by General Ershad, who is promising elections in the coming year.

In both countries the President-Generals are trying to maintain their own positions by encouraging the emergence of new political figures.

The best that both countries can hope for politically is that peaceful transitions are made out of their martial law regimes and that stable democratic constitutions and party politics gradually emerge without the disruption of further coups. This has now started to happen in Pakistan.

Terrorists 'planned to take Israelis hostage'

BY PATRICK BLUM IN VIENNA

THE THREE terrorists responsible for the attack on Vienna airport last Friday intended to take Israeli hostages and fly with them to Tel Aviv, Mr Karl Blecha, Austria's Interior Minister said yesterday.

Mr Blecha also said that all indications pointed to the terrorists being linked with the Abu Nidal group, an extremist faction of the Palestine Liberation Organisation (PLO).

Speaking at a press conference Mr Blecha said: "These terrorists were not a suicide commando squad. Their was to take hostage Israeli citizens who where at the El Al Check-in desk. To take over a plane on which, with the Israeli hostages, they wanted to leave Vienna."

According to one of the captured terrorists they intended to force the aircraft to fly to Tel Aviv with the hostages and carry out a further action. It was only the prompt action of Israeli and Austrian security which prevented them from carrying out the plan, Mr Blecha said.

An Interior Ministry spokesman later said that the three men were Palestinians but that it had not yet been possible to acertain their nationality. All three had Tunisian passports. Tunisia is the only Arab country from which it is possible to travel to Austria without a visa.

During their interrogation by the Austrian police the two surviving and badly injured terrorists both independently said they were members of Al-Fatah RC (Revolutionary Council) Al Assifah. This group is led by Abu Nidal, Mr Blecha said.

One of the two terrorists said that he worked for the Al Assifah office, Mr Becha said. According to the Interior Minstry the group's office is based in Tripoli, Libya.

Both terroists said that they were still in Beirut around December 20 and that they flew to Athens before coming to Vienna. One of the two said he flew to Geneva and came to Vienna by train. The other said that he flew to a West German city then to Budapest from where he travelled by train to Vienna. Once in Vienna they stayed in separate hotels.

Representatives of eight political parties, including Italy's Christian Democrats, Socialists and Republicans, yesterday approved a parliamentary resolution calling on the Craxi Government to report within 40 days on "the state of foreign policy and security policy in the Middle East and Mediterranean."

Mr Giulio Andreotti, Foreign Minister, came under severe criticism yesterday from Social Democrats, Liberals and other politicians for having developed an Italian foreign policy which is too tolerant of the Palestine Liberation Organisation. Mr Andreotti was also criticised for having responded to the terrorist killings by accusing Israel of over-reacting and for having declined to interupt his holiday to return to Rome.

S. African boycott to be resumed

By Jim Jones in Johannesburg

THE BLACK consumer boycott of white businesses in the Eastern Cape city of Uitenhage is to be resumed tomorrow, following a two-week suspension. The well-supported boycott, which began in September, caused considerable damage to white retail businesses before its conditional suspension in mid-December.

Boycotts have proved to be an effective black weapon and, in the Eastern Cape, they have led to talks between organised white business and representative blacks aimed at removing black grievances.

By mid-December the Eastern Cape boycott organisers believed that suspension of the boycotts would pave the way for the authorities to relax the tight controls over black townships which accompanied the July 21 declaration of the state of emergency. The suspension was conditional on the South African authorities releasing detainees, lifting the state of emergency and withdrawing troops from the black townships.

Mr Buyile Nkumanda, a spokesman for the Uitenhage Consumer Boycott Committee (UCBC), said yesterday that though black communities' demands had been met in some towns, in Uitenhage they had not. As a result the Uitenhage boycott would resume indefinitely tomorrow.

Boycotts in other parts of the country severely affected the normally buoyant Christmas trade of white stores. They did, however, meet with some resistance from blacks in Soweto and other town ships in the Johannesburg area who were harassed and had their purchases destroyed or confiscated by youths claiming to be enforcing the boycotts. In Pretoria white traders obtained protection for black shoppers by police and military units which patrolled transport terminals and other areas.

The boycotts remain in force in Johannesburg and Pretoria.

Belgrade freezes interest rates against IMF advice

BY ALEKSANDAR LEBL IN BELGRADE

YUGOSLAVIA has given a further indication of its growing distrust of the International Monetary Fund's counter-inflation prescription for its economy by freezing interest rates at their current level.

A key policy recommendation of the IMF, whose supervision of the Yugoslav economy under six successive standby arrangements comes to an end next May, has been that bank interest rates should be raised to the level of inflation so that "real" or "positive" interest rates would exert some discipline on borrowing.

The benchmark interest rate on three-month deposits currently stands at 61 per cent, based on an average of producer price rises recorded in the past three months and estimated for the next two months.

By this agreed formula with the Fund, interest rates should have risen further in January to keep pace with surging inflation. But Mr Vlado Klemencic, the Finance Minister, has told parliament that rates will stay unchanged next month to give relief to hard-pressed corporate borrowers.

However, neither the Yugoslav Government nor the IMF are dramatising their difference over interest rates, which emerged after two weeks of talks with IMF officials in Belgrade earlier this month. Mr Klemencic said the Government still intended to pursue the policy of "positive" interest rates, and Yugoslav and Fund officials are to meet in late January to seek a compromise solution for the remaining three months of the IMF standby arrangement.

Israel considers Libyan target

BY LYNNE RICHARDSON IN TEL AVIV

LIBYA appears to be a front-runner among the options being weighed by the Israeli Government as suitable targets for retaliation against the bloody attacks on El Al check-in desks at Rome and Vienna last Friday.

There is general acceptance that the acts were carried out by men belonging to the extremist faction of Abu Nidal —generally known as Fatah— Revolutionary Command — rather than elements affiliated to the mainstream Palestine Liberation Organisation.

Abu Nidal has the full backing of Col Gadaffi's Libya, which hailed the deeds of the terrorists as "heroic." Tripoli would prove a tempting target and one, the Israeli political-military establishment might argue, which would be relatively acceptable, or secretly welcomed, by Washington notwithstanding President Reagan's call for restraint.

Mr Shimon Peres, the Prime Minister, has gone out of his way to attack Libya as "the world centre of international terrorism." On Sunday Mr Yitzhak Rabin, the Minister of Defence, said on US television that Abu Nidal was probably in Libya.

But in the absence of a clear target associated with the Palestinian arch-terrorist faction, which has an office in Damascus and a presence in Lebanon, the idea of a strike against the more visible mainstream Palestine Liberation Organisation has a strong political appeal across the board and remains an easy option militarily.

Mr David Kimche, director-general at the Foreign Ministry, suggested that as all Palestinian factions were prepared to use violence indiscriminately, an attack against the PLO would be legitimate.

"The PLO is working against the peace process," Mr Kimche declared. The only obstacle preventing King Hussein of Jordan negotiating was "the fact that he hasn't got any co-operation from the PLO."

Mr Rabin, meanwhile, has warned that the response could be highly unconventional or controversial. "Israel will not act according to the usual international rules," he warned.

Zanu-PF, Zapu 'agree on one party state'

By Our Harare Correspondent

ZIMBABWE'S Prime Minister, Mr Robert Mugabe, says the country's two major political parties have agreed to set up a one-party Socialist state "based on Marxism-Leninism," but a major disagreement over leadership has still to be resolved.

In a television interview, Mr Mugabe was optimistic about the unity talks between his ruling Zanu-PF party and Mr Joshua Nkomo's minority Zapu.

The Prime Minister said the two parties had agreed on ideology and philosophy, but still differed on what would constitute "the unity fermum for Zanu-PF and Zapu."

The two sides have apparently not been able to reach agreement on the composition of the politburo and central committee after the merger, nor on the treatment of some of the top Zapu politicians now in detention.

● The Reserve Bank of Zimbabwe said that during the first nine months of 1985, the country's foreign exchange reserves rose by Zimbabwe $200m (£85m), marking a major improvement in the balance of payments. But it warns the rate of inflation may accelerate in 1986.

Turkey to make further cuts in import curbs

BY DAVID BARCHARD IN ANKARA

TURKEY IS to dismantle some remaining restrictions on imports under the 1986 import régime just announced. The changes are another major step towards full internationalisation of the Turkish economy.

The Government has scrapped a list of goods which could not be imported in any ... sterlin stances, usual ... were regarded ... products, and ... the only ban ... now on will ... stances or further major currencies for non-economic ... sterling fell

It has also dra... cut the number of goods requiring special authorisation before import. Their number has fallen from 625 to 245.

Importers will now have to deposit only 2 per cent of an import's cost in advance with the central bank as opposed to the previous 15 per cent. Mr Turgut Ozal, the Prime Minister, is believed to be in favour of scrapping the deposit system altogether.

However, importers who do not import any goods within a month of applying to do so must now pay an additional Lire1m (£1,250) a month before they can go ahead with the deal.

The Government has unveiled a package of 16 tax changes which overhaul the tax rebate system and also some rates for vehicle tax and transactions and witholding taxes.

Moscow denies talks on Jews

THE Soviet Union has strongly denied reports that it is negotiating an agreement with Israel on the emigration of Jews from the Soviet Union, Patrick Cockburn reports from Moscow.

The Soviet news agency Tass said yesterday that such reports are "totally groundless." It says the Western Press had spread rumours of an impending deal between Israel and the Soviet Union in order to undermine the Soviet position on a comprehensive settlement in the Middle East.

Western diplomats in Moscow confirm that they know of no evidence here or in Israel that negotiations on the emigration of Soviet Jews are under way. There are an estimated 1.8m Jews in the Soviet Union but emigration has dropped to less than 1,000 a year since a peak of 50,000 in 1979. A total of 265,000 Jews have left the Soviet Union since 1968.

Gemayel to visit Damascus

BY OUR MIDDLE EAST STAFF

PRESIDENT Amin Gemayel of Lebanon is to visit Damascus on Thursday for talks with Syrian leaders on the agreement reached between militia commanders aimed at ending the 10 year Lebanese civil war.

Mr Gemayel was not present during the negotiations but is said to have been continuously informed about their progress. Mr Farouk al-Shara, the Syrian Foreign Minister, said in Beirut yesterday after talks with Mr Gemayel that the Lebanese President's talks with President Hafez al-Assad of Syria "would ensure national accord on security in Lebanon."

No details have yet been released about the Damascus agreement but it is said to provide for a disarming of the militias and for constitutional reform which would reduce the power of the Christian Maronite community. Since independence the Lebanese President has always been a Christian.

During the Damascus negotiations, the Lebanese Maronites were represented by Mr Elie Hobeika who, as the commander of the Christian militia, stressed that he was empowered to reach an agreement. His view has been challenged by Maronite politicians, who insist that it has first to be approved by Mr Gemayel.

Mr Hobeika said yesterday that no-one could hinder the implementation of the agreement "because the peace pact is between the militias actually in control of the fighters."

Ceasefire halts border war

OBSERVERS from neighbouring nations were heading to the West African states of Mali and Burkina Faso yesterday to monitor a ceasefire that has halted a five-day border conflict that erupted on Christmas Day, AP writes from Abidjan.

Western diplomats said it appeared that Mali, which has a clear edge in heavy weapons, was in control of disputed villages.

Mr Basile Guissou, the Burkinabe Foreign Minister, reportedly said on national television that his Government was ready to concede one disputed town and one small strip of land to Mali.

Libya had sought to mediate in the conflict on at least two occasions either alone or jointly with Nigeria. But it was the foreign ministers of the West African non-aggression and Defence Assistance Agreement who released a communiqué that said both countries had signed a ceasefire.

Miners call strike in eastern Spain

Mining unions in the eastern Spanish region of Teruel called a general strike for yesterday to protest against planned production cuts and job losses in the region, trade union officials said, Reuter reports from Teruel.

The officials said they plan further stoppages and a civil disobedience campaign if the Industry Ministry does not maintain the rgion's coal production at 5.5m tonnes next year. The ministry wants to cut coal output by 1.7m tonnes.

Hugh Carnegy reports from Dublin on the frustrations of road hauliers

Scant hope of ending Ireland's border bottleneck

AS BRITISH and Irish ministers sit down together under the auspices of the Anglo-Irish agreement to get to grips with the problems of Northern Ireland, at least one ostensibly non-political problem stands out as ripe for action.

The bottleneck caused by a poor road and ramshackle customs facilities at the main border crossing between Newry and Dundaly, has been infurlating road hauliers and traders on both sides for years. The problem has got progressively worse because the flow of commercial traffic at this crossing point has increased by about 700 per cent in the past few years.

About 500 commercial vehicles cross daily, accounting for 90 per cent of north-south trade. According to the Irish Exports Board, exports from the south totalled nearly I£500m (£420m) in the first 10 months of this year, up by I£15m from the same period in 1984. Imports from the north fell slightly to I£265m.

The single carriageway border road, which causes heavy congestion, is the main focus of complaint, followed by the fact that the respective customs posts are miles apart, with small, cramped buildings and inadequate parking space.

The Road Transport Association of Northern Ireland says the problem is made worse by a shortage of customs staff at peak periods and inadequate opening hours, leading to a delay of up to four hours. Customs officials insist the average is much less than this.

"It is absolutely ridiculous," said Mr George Cole of Cooperation North, an independent cross-border group set up to break down north-south barriers. "If you had the same situation on the Franco-German border, you would have a revolution within seconds." The Transport Association has now appealed for help to the EEC customs union in Brussels, which is studying the situation.

The problem is not entirely non-political. None of the appropriate industrial organisations intends to try to get the issue raised through the inter-governmental conference set up under the Anglo-Irish agreemen, despite the fact that cross-border economic co-operation is one of its aims, for fear of stimulating something too controversial.

Politics have undoubtedly also snagged efforts to improve the road link between Belfast and Dublin. Most hauliers and the Irish Government would like to see upgraded the eastern route from Larne in the north to Rosslare in the south.

This qualifies as an EEC Euroroute but, as an official in the Department of the Environment in Belfast said: "As far as we are concerned, our road ends at the border."

While popular with northern Unionists, this approach has slowed progress in improving the cross-border link. A long period of disagreement between local authorities on both sides of the border preceded agreement on a joint study, carried out by a London consultant on how best to proceed.

A year ago it recommended that a wholly new eight-mile stretch of road should be built between Dundalk and Newry at a cost of £10m. The proposal was accepted by the British and Irish governments, but the two sides are still trying to decide how to share the funding.

In the meantime, the Republic plans to build a much-needed by-pass around Dundalk, and the North is proceeding with a similarly much-needed Newry by-pass. Construction is due to start in 1987. This plan involves a new customs post at Dalmolly, which would remove the traffic jam at Newry, but the by-pass might not end where the proposed new cross-border road starts, entailing a zig-zag to complete the link.

There is no prospect of putting the two customs posts on the same site. One Northern Ireland customs and excise official said that such a move not only might raise security problems but was "too politically sensitive."

With officials on both sides of the border inclined to play down the problem and with the agenda of the Anglo-Irish conference stacked with more urgent political matters, Ireland's hauliers look like they will have to live with the frustration for some time.

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S. African boycott to be resumed

WORLD TRADE NEWS

Moscow, East Berlin sign Mks 380bn trade pact

BY LESLIE COLITT IN EAST BERLIN

THE SOVIET UNION and East Germany have signed a trade agreement for the next five-year plan beginning in January, which will consolidate their role as each other's most important trading partner.

Bilateral trade for 1986-90 will amount to more than marks 380bn (£97bn). Moscow will receive new East German products such as gas pipeline equipment, industrial robots and railway ferries for service on a new freight ferry line between the two countries.

Nearly 40 per cent of East Germany's trade is conducted with the Soviet Union while East Germany makes up some 10 per cent of Soviet foreign trade. Altogether, East Germany does about 65 per cent of its trade with Comecon countries.

East Germany, however, is dependent on the Soviet Union for virtually all its oil, gas, iron ore and lumber, most of its cotton, aluminium and other metals.

The ambitious East German nuclear energy programme is based on Soviet technology and equipment, and the country gets nearly all its military hardware from Moscow.

In return, East Germany provides one quarter of total Soviet imports of plant machinery, 95 per cent of the passenger railway cars imported by Moscow, nearly all fishing vessels as well as two-thirds of the cranes and excavators and 60 per cent of the industrial presses imported by the Soviet Union.

Nearly 10,000 East German workers are employed annually to build Soviet gas pipelines in order to assure supplies of gas.

West German *specialists* in Comecon trade said East German trade with the Soviet Union will rise by approximately 5 per cent a year in the coming five-year plan. This is less than the growth in overall East German trade in recent years.

East Germany has greatly increased exports to the West while curbing imports in order to pay its hard currency debts. Last year, East Germany ran up its first surplus in trade with Moscow since 1975 of EM 600m.

Its accumulated trade deficit with the Soviet Union since 1975 amounted to EM 15.3bn. This largely resulted from rising prices for Soviet oil and gas and worsening terms of trade for East Berlin.

The East Berlin report of the trade agreement noted East Germany will also import refrigerators, cameras, pocket calculators, portable TV sets and cars from the Soviet Union.

In recent years the number of imported Soviet Lada cars fell sharply because of increased Soviet deliveries to the West.

This led to an 11-year waiting-time for the Soviet-made car in East Germany and a decision to boost East Germany's own car production with the help of engines built in the future on an assembly line delivered by Volkswagen.

Trinidad set to boost trade in Caricom

By Canute James in Kingston

THE BETE NOIRE of the Caribbean Economic Community — Trinidad and Tobago — is again at the centre of a controversy in the 12-year-old trading organisation made up of 13 English-speaking countries.

The 33 per cent devaluation of the Trindad dollar, announced earlier this month, is regarded by Mr George Chambers, the Prime Minister, as making local industry more competitive in holding its own against imports and in expanding exports.

But some of Trinidad's neighbours are concerned that the devaluation will rob them of the competitive edge they have enjoyed in what is the community's richest market.

Perhaps anticipating this concern, and in an effort to defuse another of the squabbles which have bedevilled the Community which has a population of 4.5m, Trinidad has gone some way towards mollifying its critics by agreeing finally to implement a part of a package of trade measures agreed 18 months ago by the group's political leaders.

The measures are intended to boost intra-community commerce and provide protection for the region's fledging light industries.

The Port of Spain Government tomorrow is implementing *the part of the pact for a 15* per cent common tariff on a range of goods imported from outside the community, but which members feel they need protection to breathe life into regional industry.

These sensitive goods include steel, cement, fertilisers, motor vehicle parts, processed food and consumer durables.

Trinidad has been on the receiving end of scathing criticism from its regional trading partners, mainly Barbados and St Lucia, for not implementing the trade package. At one stage, Mr Bernard St John, the Barbados Prime Minister, threatened retaliation.

While there is likely to be some relief at Mr Chambers' announcement, Trinidad's community partners are anxiously waiting to see if the Government will implement the other part of the pact — dismantling restrictions on imports from Caricom imposed two years ago

Regional hopes for an end to the restrictions and the full implementation of the community's trade agreement are likely to be buoyed by the latest economic report by the Trinidad Central Bank.

The bank reported that foreign reserves stood at the equivalent of $875m (£625m) at the end of June, representing an increase of $791,000 over the March figure..

Trinidad had built up reserves to $3.16bn in 1982 with earnings from the petroleum sector. These fell to $2.04bn in 1983 and slipped further to $1.16bn at the end of 1984.

Airliner problem for E. Europe

BY LESLIE COLITT IN EAST BERLIN

THE AIRLINES of Eastern Europe will be burdened with outdated Soviet passenger aircraft until the early 1990s when Moscow has promised newly-designed and more fuel-efficient aircraft.

Representatives of several East European airlines said the biggest problems with the Soviet-built aircraft now in service is high operating costs because of their heaviness and poor fuel consumption.

Most were designed by the main Soviet construction bureaus of Tupolev and Ilyushin in the 1950s.

"The Minance Ministry groans when we present the annual fuel bill," noted one East European airline official recently.

Unlike Aeroflot, the Soviet carrier, the much smaller East European airlines say they are not interested in buying the new wide-body Soviet aircraft, the IL-86 which went into service in 1981.

They noted that the airliner's four engines—each developing 28,000 lbs of thrust compared with 45,000 lbs each for the European Airbus's two engines —are fuel inefficient. The Soviet Airbus has a range of only 4,000 km.

Instead, the East European airlines will make do for at least another six years with the fuel thirsty work horses of the last 30 years—the short-range TU-134, the medium-range TU-154 and the long-range IL-62.

Soviet aviation officials said a new, wide-body, long-range aircraft, the IL-96, is to be introduced by 1990. This is the aircraft the East European airlines badly need for their overseas routes.

Interflug, the East German airline, plans to use it on its services to Havana and to various African and Asian capitals, along with Lot, the Polish airline, and CSA of Czechoslovakia.

Outwardly, the IL-96 will resemble the IL-86 Airbus, but is to be equipped with more powerful engines, believed to be of the same type as the ones on the Soviet Union's giant Antonov-124 transport aircraft which was displayed at the last Paris Air Show.

Tupolev is said to be developing an intermediate range airliner which would use the same new engines as the IL-96. Rounding out the new Soviet fleet will be the IL-114, a short-range aircraft to replace the ageing An-24 two-engine turbo prop.

Alone among the East European airlines, Romania's Tarom uses Western aircraft, the BAC One-11 and a Romanian-built version, the Rombac.

The Romanians have tried to sell the Rombac to the other small Comecon countries—for hard currency—but found no customers.

Faced with the lower noise standards being introduced in the West, the East European airlines which fly to Western countries have said they can comply by using the TU-154 fitted with modified engines.

Unicef sparks drug price fall

BY HILARY BARNES IN COPENHAGEN

BULK BUYING of essential drugs by Unicef's Copenhagen-based supply division is having a significant impact on world drug prices, according to Mr Peter Evans, officer in charge *of medical* procurement.

Over the past five years, he claims, the average dollar price of essential drugs purchased by his office has fallen by 50 per cent. Even allowing for changes in the dollar exchange rate, he thinks this reflects a similar fall in the real price of the drugs.

Unicef's essential drugs programme is part of *the UN* scheme "Health *for* All by the Year 2000."

The prices that Unicef pays are feeding through into the world market, as Unicef informs Third World governments of the prices it is paying, enabling government agencies to insist on similar prices for their own purchases, said Mr Evans.

Unicef's essential drugs programme covers about 250 products ranging from penicillin, aspirins and vitamins to vaccines.

Success in bringing down the price of essential drugs began when Unicef decided to make procurement requests on a bulk scale, starting with a $3m offer in 1982 and going up to requests of $12m in 1984 and $20m in 1985. These requests were big enough to make the largest *companies take notice*.

Some 80 per cent of Unicef's drugs are purchased in Switzerland, Germany and the UK, with France and Italy also supplying some of the products.

The tender material is distributed to 700 companies all over the world. Unicef's total drugs budget is currently standing at about $35m a year.

It is especially the Swiss drug companies which are prepared to lower prices to retain their *shares of the Unicef business* and this has affected the whole price structure.

Recently, said Mr Evans, Hoechst, the German pharmaceuticals giant, took the initiative to make a low price offer in order to claim a share. Such a step by a major drugs company would have been very unlikely a few years ago, Mr Evans added.

Goods bought by the Unicef supply office in Europe are distributed throughout the world by Unipac, the Unicef procurement and assembly centre in Copenhagen.

Indonesia order for Sofretu

SOFRETU, the engineering subsidiary of the Paris urban transit and metro authority, has won a FFr 90m (£8.7m) order from Indonesia to design part of the new urban transit network of Jakarta, **Paul Betts** writes.

The contract is significant because it could lead the way to important Indonesian orders of French services and equipment for the Jakarta urban transit network. The Jakarta transit project involves an overall investment of about $1.5bn.

Up to now, the Indonesian authorities had asked Japanese concerns to study feasibility schemes for the Jakarta urban transit system.

But the decision to give Sofretu a contract to design a feasibility study for a 60 km stretch out of the total 160 km urban transit system has raised strong hopes of equipment orders from French railway equipment companies such as Alsthom and Jeumont-Schneider, as well as from Japan.

To secure the initial engineering contract, the French Government has agreed to finance the Sofretu studies with a FFr 65m loan

Japan car components warning

BY JOHN GRIFFITHS

THE US and European car component industries must face up to the prospect of competition within their own markets from Japanese suppliers Planning Research & Systems, the London-based motor industry statistics group, warns in a report.

Japanese component manufacturers have in the past concentrated on supplying the domestic market and have not developed into multinational groups like many of their American and *European counterparts*, says the report.*

But this can be expected to change as the result of an increasing proportion of Japanese car production being moved overseas to ward off protectionism.

Japanese car producers, having set up car plants in the US and Europe, will be under growing host-country pressure to source components locally, with the intention of helping domestic component suppliers who have lost market share as Japanese car sales have increased in their markets.

This means that the Japanese component manufacturers will be looking seriously at the need to develop their own overseas production to support both the foreign-based car plants and the demands of the spares market, the report concludes.

The PRS report concentrates on the activities of Japanese engine component producers, and examines in detail the precise structure of Japanese car engine production.

It warns that there is no room for complacency in the European and US industries about Japanese engine technology. For example, it declares: "Toyota is a clear leader in engine technology in Japan and now compares with the best of the Europeans."

* *"The Japanese Automotive Engine Component Market," PRS Business Publications, 24 Old Bond Street, London W1X 3DA. £600.*

Western cokemaking capacity falls 14%

FINANCIAL TIMES REPORTER

COKEMAKING CAPACITY in the Western world fell 14 per cent to 217m tonnes a year in the three years to the end of 1984, according to a study by the International Iron and Steel Institute.*

More than three-quarters of the decline was accounted for by rationalisation in the US, West Germany and Japan. More than one third of the US capacity has been shut down since the end of 1981, the institute reports.

Production of coke, the main fuel of the steel industry, was 192.5m tonnes in 1983 — the last year for which full figures are available — compared with 209.4m tonnes in 1981.

New capacity has been installed, however. Brazil, the US, West Germany and India have added 11.7m tonnes to Western production potential, although the overall impact has been less than might be expected because of widespread cuts in the rated capacities of ovens kept working.

The European Community's capacity fell by 16 per cent in the period under review as producers shut *down plant* capable of producing 12m tonnes a year. The 941 ovens closed were on average 28 years old.

The most radical cuts were made in Germany, where 8m tonnes of capacity were closed, representing more than 25 per cent of the country's total. The reductions were partly offset by the construction of new ovens capable of turning out 2.5m tonnes a year.

West Germany is the only EEC country to have installed new plant in the three years under review.

Closure of plant and downrating of remaining ovens has reduced capacity in Austria, Portugal, Spain and Turkey by 14 per cent.

Japan has lost 5 per cent of its installed capacity since 1981, but expansion elsewhere in the region means that more than a third of total Western world plant is now in Asia, compared with 29 per cent at the turn of the decade.

Expansion in Brazil has increased capacity in Latin America to 14m tonnes a year —25 per cent more than in 1981.

Almost all of the 40 per cent *drop in* coke production of the past 15 years has been lost in the European Community and North America.

In 1983, EEC output of 53.4m tonnes was 40 per cent lower than in 1970. The Community's share of Western production has fallen from 40 per cent to 28 per cent over the same period.

The proportion of output accounted for by North American producers has dropped by 55 per cent. While US and Canadian batteries accounted for well over 30 per cent of total western output in 1970, they are now responsible for only 16 per cent.

By contrast, production has been expanding steadily in Latin America, Africa, Asia and Australia. Led by Japan, the Asian producers have almost doubled their share of western world output since 1970 and now account for just over 37 per cent of the total.

**Western World Cokemaking Capacity, International Iron and Steel Institute, Avenue Hamoir 12-14, Brussels, Belgium. BFr 4,000 (£50).*

UK NEWS

TRADE UNIONISTS AMONG NEW YEAR AWARDS

Honours for MPs and leading industrialists

BY MARGARET VAN HATTEM

THREE RIGHT-WING trade unionists are among those honoured for political and public service in the New Year's Honours List. They are Kate Losinska, president of the Civil and Public Services Association (CPSA), *who has fought a long*-standing battle against left-wing influence in the union; Mr William Whatley, general secretary of Usdaw, the shop workers' union, and the author of the 1981 resolution which established union predominance in the electoral college which chooses the Labour Party leader; and Mr Charles Catherall, a leading activist in the Conservative trade unionists and a member of the National Union of Mineworkers' white collar section. Mrs Losinska and Mr Whatley both get the OBE (Officer, Order of the British Empire), and Mr Catherall gets an MBE (Member, Order of the British Empire).

Mrs Margaret Thatcher, the Prime Minister, has also rewarded Mr Gordon Reece – former publicity director at Conservative Central Office and the man credited with masterminding her personal successes in the last two general elections. He is given a knighthood.

The Honours List, described by Mrs Thatcher's office as "solid and traditional" with emphasis on "service and meritorious works," contains an even smaller proportion than usual of well-known names among the 654 people honoured. *The list includes 151 women* and 124 civil servants.

There is only one life peerage – a baronetcy for Sir Frederick Dainton, chancellor of Sheffield University. Two members of the Government have been made privy councillors (senior advisers to the Queen). They are Mr Richard Luce, Minister for the Arts, and Mr John Moore, Financial Secretary to the Treasury.

Seven industrialists received knighthoods. They are Mr John Dent, chairman of the Civil Aviation Authority; Mr Ian Fraser, former chairman of Lazard Brothers; Mr Roney Messervy, chairman of Lucas Industries; and Mr John Milne, chairman and *managing* director of Blue Circle Industries; Mr Derek Palmar, chairman of Bass; Mr David Plaistow, managing director and chief executive of Vickers; and Mr Brian Shaw, chairman and chief executive of Furness Withy.

Three senior Tory MPs also receive knighthoods – Mr Richard Body, Mr Adam Butler (a former parliamentary private secretary to Mrs Thatcher, and former Northern Ireland Minister) and Mr Trevor Skeet – Mr Bryant Godman Irvine, *former deputy speaker (chairman)* of the House of Commons, is also knighted.

The soprano Gwyneth Jones is made a Dame of the British Empire, Mrs Elizabeth David, doyenne of post-war food writers, gets a CBE (Commander of the Order of the British Empire) as do the poet Charles Causley, Edward Downes the conductor, Alex McCowan the actor, and Henry Wrong, general administrator of the Barbican Centre in London. Beryl Reid the actress gets the OBE and Shaw Taylor, the television broadcaster, an MBE.

In sport, the champion national hunt jockey John Francome, now a trainer, gets an MBE, along with Southampton and England goalkeeper Peter Shilton, and Liz Hobbs, the former world water skiing champion. There is also an MBE for Steve Cram, world champion sprinter and holder of the 1,500 metres, mile and 2,000 metres world records.

New code proposed for data services

THE GOVERNMENT yesterday announced new proposals for freer competition for the growing UK market for value added and data telecommunications services, **Raymond Snoddy writes.**

Mr Geoffrey Pattie, Minister for Information Technology at the Department of Trade and Industry, said he was sympathetic to the overwhelming wish expressed for a simpler and more liberal regime for value added network services (Vans).

The revised proposals follow a consultative document published in June on Vans – services which combine communications and the power of computers to provide information electronically. The main changes in Government thinking are:

- A single class of licence for all except post and telecommunications operators to cover all the proposed services to simplify the licencing regime
- Opening up of basic conveyance service, except voice and telex, to fuller and fairer competition
- Reducing the distinctions between post and telecommunication operators and other companies wanting to serve the same market
- Providing mechanisms to enable all operators to compete on equitable terms

The DTI said yesterday the revised proposals went a long way towards satisfying the conflicting interests of those who took part in the consultations.

British Telecom said yesterday that the further liberalisation represented a challenge to BT and the telecommunications industry generally.

In giving a guarded welcome to the announcement BT said the principles set out in the proposals were "broadly within the spirit of Government statements, as reflected in BT's prospectus and taking account of technological developments."

□ ASAHI SHIMBUN, the leading Japanese newspaper, is to be print*ed in London from early January. It* plans an initial print run of about 6,000 with copies being distributed by air around Europe. Circulation is expected to rise because an estimated 60,000 Japanese now live in Europe.

The newspaper will use British Telecom's digital satellite service International KiloStream. Pages *will be sent to British Telecom In*ternational's (BTI) Madley earth station by an Intelsat satellite covering the Indian Ocean.

Asahi Shimbun is BTI's first customer for the new Japanese route which is operated in conjunction with KDD, Japan's international telecommunications operator. An Australian KiloStream service is also *available and has already two cus*tomers, an oil company and an airline.

□ DUNDEE FERRIES, Scotland's first roll-on/roll-off ferry service, is going into liquidation after operating for only six months and running up a trading loss of more than £1m.

Sales of only £800,000 have been achieved since the company began freight operations between Dundee and Rotterdam on July 1, compared with forecasts of £1.5m for this period. It began with one small ship, adding a second in September. The ferry service was set up by a consortium consisting of Bibby Line, Dundee Port Authority and Dundee and London Investment Trust.

□ JAMES MACKIE, the Belfast textile *machinery manufacturer*, is to make 400 workers redundant next year because of the continuing problems in the world textile markets. The privately-owned company said the redundancy programme was part of a wider reorganisation which would include further modernisation of its plant.

□ SIR TERENCE BECKETT, director general of the Confederation of British Industry (CBI), called for a further industrial revolution in schools and universities in a new year message to his members. Commenting on the forthcoming launch of Industry Year, he said: "Britain was, after all, where the industrial revolution started." A further revolution was needed to persuade people that industry mattered.

Schooling for the workplace, Page 4

Warning over gas pricing

By Max Wilkinson

THE GOVERNMENT should have made more effort to ensure that the prices charged by a privatised British Gas will reflect true economic costs, the Institute of Fiscal Studies has told MPs.

In a memorandum to the House of Commons Select Committee on Energy, the insitute says that gas prices need to rise substantially to reflect the cost of new supplies from North Sea fields.

It says British Gas's policy of holding down its prices on the basis of cheap gas supplies from the Southern Basin of the North Sea has resulted in too rapid a depletion of gas reserves and excessive investment by customers.

The institute's comments are made in a memorandum to the committee on the recently published draft licence by which the Government proposes to give British Gas the right to be a monopoly supplier to the domestic gas market.

The institute says that much of the debate so far has been about ways of restraining rises in gas prices after privatisation. While that is important, "We suggest that this preoccupation is essentially misplaced."

The most important – and most difficult – issue is how to ensure that prices rise to a level that adequately reflects the marginal cost of gas from new fields.

That, the institute says, is necessary to encourage the most efficient use of gas and of competing energy sources.

Higher gas prices should not, however, be allowed to give the new private company excessive windfall profits. The institute suggests instead that some of the extra revenue should be siphoned off by taxation for the benefit of the country at large.

When prices have been allowed to rise to an "efficient level," the institute believes that control over prices will be needed to prevent British Gas from exploiting its monopoly position.

However, it recommends that the regulator should have a wider remit to promote competition and to consider the scope for efficiency gains.

To do so properly, the regulatory authority would need competing sources of information. The best way of providing that, the institute says, would be to establish each of British Gas's 12 regions as a separate cost and profit centre.

Imperial Group lifts dividend and points to increased profits

BY MARTIN DICKSON

IMPERIAL GROUP, the brewing, tobacco and food company fighting a £1.9bn takeover bid from Hanson Trust, yesterday announced a 12.3 per cent dividend increase for 1985. It also estimated a pre-tax profits rise of 6.5 per cent as it tried to persuade shareholders to back its rival plan for a £1.2bn merger with United Biscuits.

The figures were unveiled in its formal offer document for United, which also estimated the Biscuit company's pre-tax profits for the year to last Saturday at about £100m – up 14.7 per cent on the £87.5m of last year and in line with market expectations.

Imperial's pre-tax profit figure of £235m in the year to last October compares with £220.6m in 1984 and was somewhat ahead of analysts' forecasts which had been pitched around £230m. There will be a final dividend of 6.6p, making 9.6p for the year.

Urging shareholders to accept the merger, Mr Geoffrey Kent, chairman of Imperial, said the two companies had already identified annual cost savings of about £30m a year. These would start coming through in 1987 and would have been fully achieved by the end of 1988.

"The two boards are confident *that*, with the opportunities we see both for reducing costs and for developing our markets in the UK and overseas, the rate of growth of the combined companies will be considerably greater than either could achieve on its own," he added.

However, Lord Hanson, chairman of Hanson Trust, said last night that Imperial shareholders should reject the deal as not being in their best interests and instead accept his offer, which will be sent out during the next few days.

"The Imperial board have acknowledged that their proposal involves an immediate earnings per share dilution and fails to indicate *how the financial benefits of its pro*posals will arise," Lord Hanson said.

Imperial is offering five of its shares, which closed last night down 1p at 257p, for every four in United, which closed at 240p, up 1p on the day.

Hanson is offering two of its own shares and £5.32 worth of 8 per cent *convertible unsecured loan stock* for every five Imperial shares. On the basis of Hanson's closing price of 198p, up 3p on the day, the offer is worth 235p for each Imperial share.

The three-cornered battle is likely to be decided on March 3, the date Imperial has chosen for an extraordinary general meeting of its shareholders to approve the deal with United.

Noise rules usher in quieter UK aircraft

FINANCIAL TIMES REPORTER

BRITISH AIRPORTS will start the new year hoping to become better neighbours for the people who live near them. From January 1 new regulations will ban noisy aircraft which are registered in Britain.

It will be another year, however, before the rules apply to foreign-owned jets, and Concorde has been exempted. The immediate effect will be the end of services by British Airways' (BA) noisy Trident aircraft. After nearly 22 years as the mainstay of short-haul operations for BA and its predecessor, British European Airways, the last three Tridents will fly their final services today.

They will be replaced *by the far* quieter Boeing 757 powered by Rolls-Royce RB 211 engines. Other aircraft, such as the BAC 1-11 have been fitted with "hush-kits" to meet the new rules. British Caledonian Airways, for example, has spent millions of pounds on the kits to keep its fleet of 13 in the air until the end of the century.

Over the last seven years the impending regulations have spawned dramatically quieter engines and given a boost to Britain's newest civil aircraft, the ultra-quiet BAe 146.

The final British Airways Trident flight will be the 6.20 pm shuttle departure from Manchester to London's Heathrow landing with just five hours of 1985 remaining.

Then only two airlines will fly the *Trident*, CAAC of China and Air Zaire, which has recently bought four of British Airways' Trident Three models.

New offensive in travel price war

BY ARTHUR SANDLES

A SERIES of aggressive moves from travel agency multiples is worrying independent agents who now face the full fury of a price war in the tours industry.

As the leading groups expand rapidly, small agencies are seeing a decline in their share of a market, which may itself be showing little growth in money terms.

Over the Christmas and New Year period the travel agency chains have made the promotional pace instead of the usual tour operators. Lunn Poly, a Thomson subsidiary, has been advertising discounts – as much as £25 off prices already cut by operators – and it believes that it has started a "new offensive."

It is not alone. Thomas Cook says it will open 300 of its 414 branches on each Sunday in January and is promising not to allow its own prices to be undercut by rivals. It will be offering a prize draw to customers on the first of these Sunday openings.

The Cook Sunday opening and the Lunn Poly advertising campaign are both geared to take full advantage of the continued rush by the British to book holidays in the sun for next summer. Over the next 48 hours travel agents throughout the country will receive stocks of the new Intasun brochure, holidays from which go on sale on January 2.

But it is not only marketing which is worrying smaller *retailers*. The leading chains are in a *stampede* for growth. Just before closing for the Christmas break agents learned that Hogg Robinson had bought 39 outlets from Exchange Travel for a reported £[illegible], a move which brings the Hogg Robinson chain to 204 outlets with another 41 "implants," which is the industry term for offshoots within large corporate account customers' own offices.

This move completes a year in which Thomas Cook leapt to over *400 outlets with the purchase of the* Blue Sky chain from British Caledonian and Pickfords Travel grew to 274 branches with the acquisition of 12 outlets from Powell Duffryn Travel.

Co-op Travel, a subsidiary of the Co-operative Wholesale Society, has recently declared that it plans to expand. *Mr Mike Grinrod, general manager* of Co-op Travel, has voiced the group's ambitions to have 300 branches within three years.

Now A. T. Mays, which has 211 branches, has said it intends taking a much higher profile. Its recent acquisitions include Nairn Travel and Hunting Lambert.

Overall the number of travel agents in the UK has been rising dramatically in recent years. In 1978 there were less than 4,000 re*tail agency outlets with the Associa*tion of British Travel Agents logo on their doors. By 1981 that figure had begun to approach 5,000. At the beginning of December of this year the figure was almost exactly 6,000.

The amount of business available has not increased at anything like the same rate. Next year it is assumed that package tourism from the UK, the bread and butter of the travel agency business, will rise numerically by more than 10 per cent – but prices have been cut by 20 per cent and agents are on a basic commission level of 10 per cent.

UK NEWS

Britain now back at the top, says Thatcher

BY MARGARET VAN HATTEM

BRITAIN IS back at the top of the economic league table and enters 1986 "with the future looking good," Mrs Margaret Thatcher, Prime Minister, says in an optimistic new year message.

"We are exporting far more goods and services than ever before and paying our way in the world. There is a resurgence of enterprise in Britain, and there are thousands of extra firms and hundreds of thousands of extra jobs to prove it."

Mrs Thatcher hits out at the "too many politicians who latch on to problems and ignore our successes." They are "talking Britain down," she says. She calls for backing for the companies, managements and workforces that are breaking export records, for the trade unionists who vote against strikes, for the men and women who start up their own businesses, and for the police. "Let's back Britain and take pride in our success," she says.

Mr Neil Kinnock, the Labour leader, dismissed Mrs Thatcher's claims of economic recovery as "an unsustainable claim by an unbelievable Government." In his new year message, Mr Kinnock said Britain faced "not a year of recovery, but another year of rack and ruin."

He said: "Manufacturing investment is 20 per cent and manufacturing output 6 per cent lower than in 1979, interest rates have been higher for longer than at any time in modern history, the manufactured trade deficit is heading towards £4.5bn, the tax burden is 15 per cent higher than it was in 1979, the unemployment rate still rises, the very sinews of development – from training to shipping to construction and research – have been shrivelled, and the growth rate is slowing."

The nation faced another year of division under a Government that was stripping down social security in order to make "savings" from the poor for the purpose of reducing taxation for the richest, he said. It faced a further year of decay "under a giveaway Government that is selling off public assets, losing current and future income, erasing public obligations, concentrating wealth in fewer hands and making our country a haven for our competitors."

Mr Kinnock accused the Government of bringing disgrace upon Britain internationally through its spite to the world's starving and its sycophancy to the rich. "Reluctant sanctions against apartheid contrast with fawning support for Star Wars; the plight of the inner cities is treated with contempt, the scandals of the City of London with complacency and evasion," he says.

Mr David Steel, the Liberal leader, appeared to concur with much of what Mr Kinnock said, adding that 1985 had not been a year of which Britain could be proud.

"We have seen no check in the slide towards our becoming what Prince Charles has called a fourth-rate nation," Mr Steel said. "Under Mrs Thatcher, our country has become Bleak Britain, lacking hope and generosity, condemning millions of people to the scrapheap and closing down the factories and workshops."

Most people yearned for a fundamental change in attitudes and values, but the political system and the old class-parties "instead of leading us out of the slough of despond, keep pushing us back in the mire."

Hazel Duffy reports on Industry Year in Britain

Schooling in the ways of work

THIS YEAR, among many other things, was International Youth Year. Next year, along with numerous other events, known and unknown, will be Industry Year in Britain.

Although the organisers did not see it as such, there is rather a nice symmetry between the two because one of the prime targets for Industry Year – designed to increase awareness of the importance of industry to the nation's prosperity – is to bring schoolchildren into contact with the working world.

Only about a quarter of children in the 11–15 age group are at present linked with local industry in some form or another. By the end of 1986, the organisers of Industry Year hope that every child in this age bracket and some younger ones will have established a liaison with a company in their area.

It is a tough target, particularly as the programme is backed by lots of goodwill but not so much in the way of funds. But already there are indications that companies are latching on to the education part of Industry Year as something tangible in the midst of a morass of messages and exhortations on the significance of industry that are not so easy to act upon.

North Thames Gas, in London runs tutor schemes whereby older children spend half a day, or perhaps just a couple of hours a month, visiting and talking about what they see. The value of this scheme is its continuity, which encourages children to ask questions that would not be put on a single visit.

Another example is "work shadowing." A group of children spend the entire day with a woman working in a high-tech plant in South Wales; the day starts and finishes in her home, so that they experience the "going to work" feeling as well.

Mini-enterprises, in which schoolchildren make and sell products, are expanding with backing from the Department of Trade and Industry and the National Westminster Bank. Most of those schemes have been in practice for some time, but they are not sufficiently widespread.

Ms Janet Jones, education adviser to Industry Year, says: "Implementing such schemes requires a break in the curriculum, and many schools do not have the courage to take even a few hours out to pursue such activities." Independent schools, which are judged above all by their academic results, are frequently the least courageous in this respect.

It is not only schools that are reluctant to participate. Industry (which, in the context of Industry Year, encompasses all forms of "wealth creation") is also shy, particularly the smaller companies.

Points of contact for companies that want to make a contribution this coming year by opening their doors will be the officials designated as liaison officers in many local education authorities, and the Industry Year personnel – around 30 have been seconded by companies – in the Confederation of British Industry (CBI) regional offices.

There is no shortage of organisations, either, devoted to fostering links, such as the CBI's Understanding British Industry and the Schools Curriculum Industry Project. The problem might be co-ordination, although a data bank of contacts being set up at St Mary's College in Twickenham, in west London, should be bridging the present information gap at least by the year end.

And, who knows, by the end of 1986 a visit to a factory, bank or store may have taken over from the museum visits that have been an essential part of the education of generations of British children.

Improved outlook for jobs and profits forecast by directors

FINANCIAL TIMES REPORTER

MANY OF Britain's leading executives expect employment in their companies to grow over the next six months, according to a survey by the Institute of Directors (IoD).

The survey, carried out in early December, shows a slight improvement in business confidence since the IoD's previous sampling, in October, but the level of general optimism about the UK economy remains lower than it was in the spring and summer of 1985.

Of the survey's respondents, 39 per cent said they expected to expand labour forces over the next six months, compared with 50 per cent who expected no change and 11 per cent who anticipated a reduction.

Because that question is not asked regularly in the IoD's bi-monthly survey, it gives no direct evidence of recent changes in executives' outlook, but the institute's interpretation was bullish.

"The survey is an extremely encouraging sign that Britain is turning the corner in the battle against unemployment," Mr Graham Mather, head of the IoD's policy unit, said.

According to the IoD's analysts, the outlook for corporate profits may also be better than is generally supposed. Profit trends have improved during the last six months in 51 per cent of the companies responding, against 18 per cent of companies that reported profit declines. That was the best result since a balance of 56 to 21 per cent in February this year.

Questioned about the general outlook for the UK economy, however, only 26 per cent of respondents said they were more optimistic than six months ago. That compares with 54 per cent in April, at the end of the miners' strike, 40 per cent in June, 36 per cent in August and 25 per cent in October.

Skill shortages remain high on the list of business worries. The main difficulty directors foresee over the next months is insufficient demand, followed by cash flow, with supply of skilled labour third. Cost or availability of materials was mentioned by only 6 per cent of respondents, and problems of capacity by only 4 per cent.

The survey, carried out by the Taylor Nelson market research group in the first three weeks of December, asked the views of 200 company directors, 75 per cent of them chairmen or managing directors.

It shows a sharp decrease in those dissatisfied with the Government's performance and policies. Only 39 per cent declared themselves unhappy, compared with 49 per cent in the October survey. Forty-six per cent were satisfied, with 15 per cent neutral.

"The Chancellor of the Exchequer's autumn statement appears to have restored business confidence in the Government, although it is not yet back to its 1985 peak immediately following this budget," the IoD said.

There were signs that companies had made rapid progress during the year in shaking up their management structures. In February 1985, 41 per cent of companies said they were changing their management or executive structures as a means of improving company performance. By October, the figure had fallen to 23 per cent. In the latest survey, it is down to 15 per cent.

At the same time, there was a sharp increase in companies seeking to improve their performance by changing the nature of their business. In the summer only 20 per cent of respondents looked to diversification as a means of improvement, but the latest survey shows the figures rising to 37 per cent.

Sales of diesel cars heading for peak

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

DIESEL CAR sales in the UK in 1985, boosted mainly by Ford's new Dagenham-built engine, are expected to reach a record 65,000.

That represents a 44 cent increase on the 45,100 registered in 1984 and a 164 per cent jump from the 1983 level of 24,600.

According to an analysis by the Automotive Industry Data (AID) group, Ford was mainly responsible for the substantial rise in diesel car sales in 1985.

The 1.6 litre diesel engine, put into production at Dagenham at the cost of £150m in the spring of 1984, is making a big impact, particularly in those fleets which have cars covering high annual mileages in urban conditions.

In the first 11 months of 1985, sales of Fiesta cars with the 1.6 litre diesel increased to 4,000 from 2,900 in the same months of 1984 while, over the same period, registrations of diesel Escorts were up from 4,300 to 7,100 and those of diesel Orions advanced from 2,200 to 6,100.

If diesel car sales reach the expected level in 1985 they would account for 3.6 per cent of the total UK new car market of around 1.8m, compared with 2.6 per cent of the 1.79m market in 1984.

In November alone diesel car sales captured 4.1 per cent of total registrations and AID predicts that this acceleration seems bound to continue throughout 1986 because more and more diesel cars will be introduced to UK customers.

Dover passenger traffic dips over 11 months

BY ANDREW FISHER, SHIPPING CORRESPONDENT

DOVER, the busiest ferry port in Europe, recorded a sharp rise in passenger, car and freight traffic in November as the usual pre-Christmas shopping and trading rush got under way.

Coach traffic was also well up, but the overall passenger and coach figures for the first 11 months showed a slight decline, after the lack of growth in the peak holiday season this summer, with accompanied car traffic staying flat.

Passenger traffic through Dover last month was nearly 13 per cent higher at 843,200 people, but was just 0.3 per cent lower for the January–November period at 13.1m people.

The slack performance for the first 11 months mainly reflected changing holiday patterns, with many travellers now preferring to travel near the start or end of the main holiday months. Competition from cheap air packages has also affected the ferry market.

Dover continues to invest heavily in new facilities for passenger and freight customers. It is also reclaiming more land for expansion and deepening berths in preparation for the next generation of large ferries.

Accompanied car traffic was almost 14 per cent higher in November at 95,400, but almost unchanged in January–November at 1.5m. Coach traffic, up by 20 per cent to 8,200 last month, eased by 1.8 per cent in the 11-month period to 112,600.

Arts Guide

Dec 27 – Jan 2

Theatre

LONDON

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. American Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (836 8108).

Me and My Girl (Adelphi): Sleek, efficient and enjoyable revival of Britain's biggest war-time musical hit with Robert Lindsay in the Lupino Lane role emerging as the best new musical star since Michael Crawford. (836 7611).

Gigi (Lyric): Unconvincing stage revival of Lerner and Loewe's film follow-up to My Fair Lady, Beryl Reid rising inimitably above the material, Jean-Pierre Aumont and Sian Phillips lending more conventional support. John Dexter directs, Jocelyn Herbert designs. (437 3686).

Interpreters (Queen's): Love among the diplomats, according to Ronald Harwood has a superb role for the matchless Maggie Smith renewing a cross-cultural affair with Edward Fox in the shadow of a summit between The Soviet Union and Britain. Fluent direction by Peter Yates of the West End's best new play of the year. (734 1166).

Lennon (Astoria): A not too critical celebration of the life and music of John Lennon that is enjoyable especially for the musical resourcefulness of the cast and Mark McGann's Lennon look-and-sound-alike. (734 4287).

Les Misérables (Palace): Notably well sung and spectacularly produced rock opera from the Nickleby and Cats team of Trevor Nunn, designer John Napier and lighting man David Hersey, Colm Wilkinson superb as Jean Valjean. A melodramatic distillation of Hugo, and none the worse for that. The French score is rousingly melodic, with serviceable new lyrics from Herbert Kretzmer. (437 6834)

Camille (Comedy): Pam Gems's rewrite gives Marguerite Gautier a child for whose future security she exchanges her own frail health and love. Don Daniels's studio RSC production does not transfer that well, but Frances Barber is an actress to watch. More coughing on stage than in the stalls, for a change. (930 2578).

PARIS

Julius Caesar: Hollywood-style production, using the latest sound and lighting technology, in which Robert Hossein miraculously preserves Shakespeare's eternal truths. Palais des Sports. (48 28 4090).

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Brighton Beach Memoirs (46th St): The first instalment of Neil Simon's mix of memories and jokes focuses on a Depression-era Jewish household where young Eugene falls awkwardly in love with his cousin. (221 1211).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

I'm Not Rappaport (Booth): In moving to Broadway, Herb Gardner's touching, funny and invigorating play about two oldsters retains its stars, Judd Hirsch and Cleavon Little, who almost conquer the world when they think they are just bickering with each other. (239 6200).

Big River (O'Neill): Roger Miller's music rescues this sedentary version of Huck Finn's adventures down the Mississippi, which walked off with many 1985 Tony awards almost by default. (246 0220).

Mayor the Musical (Latin Quarter): Based very loosely on Mayor Koch's best-selling autobiography, this revue, now on Broadway but still in an intimate space, takes swipes at the mayor, his political nemeses and his eminently spoofable constituency in a lively and telling production that you need not be a New Yorker to understand – or laugh at. (586 3903).

As Is (Lyceum): The first play about AIDS makes gestures toward the whole community the disease affects and focuses effectively on the victim and his protective lover; but this Circle Rep production also has distracting artistic touches to patch over the play's lack of development once the disease is diagnosed. (239 6200).

WASHINGTON

Aren't We All (Opera House): The play is nothing compared with the performances of Rex Harrison and Claudette Colbert, who cavort delightfully in an old-fashioned drawing-room comedy now making its rounds across America. Ends Jan 5. (254 3770).

A Seagull (Eisenhower): Colleen Dewhurst stars in Peter Sellars' latest production for the American National Theater, which is bound to be imaginative and untraditional in a tradition Sellars is establishing on his own. Ends Jan 11. (254 3670).

In Regard of Flight (Kreeger): Bill Irwin's theatrical spoof shows off the mime's talent in confronting a man-eating stage curtain and a disappearing shoe on the quest of a new theatrical genre. Ends Jan 12. Arena Stage (488 3300).

TOKYO

A Christmas Carol: Dickens' story performed in English by Tokyo's only professional English Theatre company, Albion-za, at their new studio theatre. Albion-za Studio. Ebisu. (443 3903).

Uchu Johatsu (Evaporation of Space), the Yume no Yumin-sha company directed by Hideki Noda. One of Japan's most popular avant-garde troupes and cult figures, their hyper-energetic style and fantastical illogical plots have won wide support from the young, but leave adults baffled. Hodan Theatre, Shimokitazawa district. (237 9999; 980 6666).

Music review of the year appears on Page 9

MORNING ADVERTISER DECEMBER 24.

Problem present for Argyll chief

GULLIVER'S TROUBLES!

ARGYLL chairman Jimmy Gulliver found an unpleasant surprise in his Christmas stocking.

PAUL MOSLEY REPORTS

The Scottish entrepreneur faces three issues that will shed less than favourable light on his £1.8bn bid for the giant Distillers Company.

Firstly, Mr Gulliver faces close scrutiny from the Takeover Panel as a result of a formal complaint from Distillers. It is angry about advertisements in Sunday's newspapers that claim its flagship whisky brand, Johnnie Walker, has lost up to one third of volume sales since 1977.

A spokesman described Argyll's advert as "a distorted and inaccurate assassination job".

The Panel is thought to have already made its decision whether to refer Argyll's bid to the Monopolies and Mergers Commission. It's verdict is expected to be announced next week.

Mr Gulliver also finds his group in the limelight for its own Scotch whisky dealings.

Satirical magazine "Private Eye" printed an item in this week's issue about Argyll falling foul of the Scotch Whisky Association.

It reported that the SWA took successful action against the Argyll-owned ADP Whisky Exports company in 1979 for "misleadingly labelled" admixtures — bulk whisky mixed with local spirit — in Portugal, Austria and Ecuador. It cost Argyll £3,000 in damages.

Another action was brought by the SWA against three Argyll companies — Glen Nevis Distillery, Barton International and ADP — four days before it made its bid for Distillers on December 2. It concerns admixtures in Panama.

But Argyll marketing director Peter Howitt dismissed the issue as "a storm in a teacup". He claimed it involved "a very small shipment with a relatively small amount of money involved".

● There is a growing fear in the City that the Monopolies and Mergers Commission is about to be swamped with work. The drinks industry has certainly contributed with bids from Scottish and Newcastle for Matthew Brown and more recently Elders IXL for Allied-Lyons taking months of the commissions time.

THE SCOTSMAN DECEMBER 30.

Distillers ready to punch back in bid battle

By JAMES DOW, Our Business Editor

The Distillers Company will today launch a "vigorous, aggressive and punchy" defence against the £1.9 billion takeover bid by James Gulliver's Argyll Group after a hectic weekend to get loose ends tied prior to tomorrow's deadline for the lodging of the defence document.

The Distillers directors were closeted with their advisors all day at a meeting in London on Saturday and it was only yesterday that the printing of the 22-page document got under way.

At the same time, Distillers, for so long regarded as a faceless and at times ponderous company, has produced a 14-minute video outlining its strengths and its recent progress and starring many of its executives, who speak glowingly about the company's market shares and international image.

"We are gung ho and ready for a fight," Mr Ian Ross, the Distillers spokesman in Scotland, said yesterday: "The mood at our meeting yesterday was vigorous and buoyant. If the bid is referred (to the Monopolies and Mergers Commission) we will be quite happy, but if not we will take it in our stride and are ready for a fight."

The Argyll offer closes on January 7 — the date by which the Government has to make up its mind about a referral.

Tom Crainey writes: Two Labour MPs appealed at the weekend for the Argyll group's bid to be referred to the Monopolies and Mergers Commission. The Alliance MPs in Scotland, including the Liberal leader, Mr David Steel, have previously backed a referral of the bid, while Labour members appear to be in favour of an Argyll takeover.

But there has been growing unease over the political backing the Argyll bid has attracted from Conservative sources.

Mr George Foulkes claimed in a letter to Mr Leon Brittan, the Trade and Industry Secretary, that a referral would be in the public interest besides being "a matter of propriety".

In his letter, Mr Foulkes said he was concerned at what he described as the undue enthusiasm for, and involvement in, the Argyll bid from within the Conservative Party.

He referred to Argyll engaging as a consultant, Mr Alex Fletcher, MP, until recently a Minister within the Trade Department, to the public support of the bid from Sir James Goold, chairman of the Scottish Conservative Party, and to the involvement of Saachi and Saachi, the Conservative party's advertising agency.

Mr William McKelvey, MP for Kilmarnock and Loudoun, who has a Distillers blending plant employing more than 1,000 people in his constituency, has also called for a referral. His appeal reflects concern for future job prospects in the event of an Argyll takeover.

Distillers zoom in — Page 9

Younger aide calls for referral of Argyll bid

By Our Business Correspondent

Distillers appears to be making headway in its campaign to have Argyll's £1.9 billion takeover bid referred to the Monopolies and Mergers Commission for investigation.

Mr Alex Pollock, Parliamentary Private Secretary to Mr George Younger, the Secretary of State for Scotland, has come out in favour of a reference after meetings with the chairmen of both companies.

The stance taken by Mr Pollock, Conservative MP for Moray, is a considerable breakthrough for Distillers.

Scottish Office pressure for a reference would almost certainly swing the decision in favour of Distillers, which is the dominant producer of Scotch whisky.

Mr Pollock said: "Only the MMC can form an objective view of who is better equipped to protect the generic value of this product, which is so dependant on its quality image for its survival and success."

Mr John Connell, the Distillers chairman, has had a number of meetings with Mr George Younger over the last two weeks.

Argyll is expected to dispatch its formal offer document to Distillers shareholders shortly.

THE TIMES DECEMBER 17.

With respect Argyll, here are a few cuttings you seem to have missed.

Argyll have been quick to reproduce any press cutting that suits their cause.

And very happy to ignore any that don't.

Extracts from the newspapers are regularly featured in Argyll's advertisements and booklets, but damaging pieces somehow get passed over.

The fact is, press comments vary between pro and con on any given subject.

One writer's meat is another's poison.

So why such a reliance on the press cutting?

Could it be that Argyll have nothing worthwhile to say for themselves?

The Distillers Company plc.

This advertisement is published by The Distillers Company plc, whose directors (including those who have delegated detailed supervision of this advertisement) have taken all reasonable care to ensure that the facts stated and opinions expressed herein are fair and accurate. Each of the directors accepts responsibility accordingly.

NOTICE OF REDEMPTION

To the Holders of

Bank of Tokyo (Curaçao) Holding N.V.

U.S. $100,000,000 12⅝% Guaranteed Bonds Due 1992

NOTICE IS HEREBY GIVEN to the holders of the 12⅝% Guaranteed Bonds Due 1992 (the "Bonds") of Bank of Tokyo (Curaçao) Holding N.V., a Netherlands Antilles corporation established in Curaçao (the "Company"), that pursuant to Condition 5(b) of the Terms and Conditions of the Bonds, the Company has elected to redeem, on January 31, 1986, a part of the Bonds in the aggregate principal amount of U.S. $13,000,000 and bearing the following serial numbers at the redemption price of 101% of the principal amount thereof, together with accrued interest thereon to such date of redemption.

SERIAL NUMBERS OF BONDS TO BE REDEEMED

3	1488	2963	4579	6034	7472	8867	10312	11911	13410	14826	16528	17875	19188
21	1510	2969	4581	6043	7474	8872	10317	11918	13411	14847	16529	17877	19204
24	1526	2981	4583	6046	7478	8873	10322	11928	13414	14853	16531	17883	19212
27	1528	2991	4596	6059	7482	8897	10326	11929	13420	14854	16536	17887	19226
29	1529	2995	4601	6074	7498	8905	10328	11936	13422	14859	16537	17911	19227
33	1532	2996	4611	6082	7505	8906	10342	11937	13424	14879	16538	17912	19238
47	1533	3017	4612	6086	7518	8907	10344	11943	13425	14910	16542	17920	19248
58	1574	3020	4615	6090	7526	8909	10346	11966	13426	14917	16543	17930	19250
63	1594	3032	4618	6093	7528	8910	10348	11979	13435	14920	16564	17931	19252
65	1599	3039	4623	6102	7537	8927	10349	11986	13457	14927	16572	17952	19253
81	1603	3040	4632	6110	7541	8937	10351	12003	13459	14930	16575	17962	19264
83	1605	3043	4649	6121	7571	8957	10356	12006	13471	14934	16577	17963	19271
98	1606	3048	4652	6123	7585	8959	10358	12009	13472	14936	16586	17972	19276
101	1621	3056	4662	6136	7594	8961	10361	12039	13480	14950	16594	17984	19277
108	1639	3061	4667	6140	7597	8970	10380	12060	13483	14955	16597	18017	19282
117	1643	3076	4671	6147	7605	8976	10381	12064	13497	14967	16602	18018	19287
118	1644	3086	4690	6154	7611	8977	10420	12066	13499	14968	16606	18027	19291
125	1661	3095	4698	6173	7615	8981	10427	12073	13505	14977	16608	18029	19312
143	1669	3096	4704	6176	7617	8983	10439	12075	13510	14980	16609	18030	19323
146	1689	3111	4710	6179	7618	8993	10442	12076	13511	14990	16615	18034	19330
152	1690	3114	4711	6185	7621	8996	10443	12083	13515	14992	16626	18041	19333
159	1700	3118	4717	6219	7622	9006	10449	12088	13520	14998	16632	18059	19340
164	1712	3120	4756	6220	7629	9017	10463	12092	13528	15020	16642	18068	19355
165	1717	3123	4760	6226	7637	9050	10473	12100	13539	15027	16653	18073	19358
171	1719	3127	4784	6239	7646	9053	10479	12102	13546	15030	16663	18076	19359
183	1737	3132	4793	6261	7649	9054	10493	12111	13551	15033	16664	18084	19369
200	1745	3177	4795	6262	7655	9066	10495	12113	13552	15042	16671	18097	19374

(Continued on the following page.)

(Continued from the preceding page.)

[illegible]

Payment of the redemption price will be made on or after January 31, 1986 upon presentation and surrender of the Bonds to be redeemed, together with all appurtenant coupons maturing subsequent to January 31, 1986 at the principal offices of any of the following Paying Agents, namely, The Bank of Tokyo Trust Company in New York City, The Bank of Tokyo, Ltd. in Brussels and London, The Bank of Tokyo (Luxembourg) S.A. in Luxembourg and Bank of Tokyo (Switzerland) Ltd. in Zurich. The coupons for interest payable on January 31, 1986 should be detached and presented for payment in the usual manner at the aforesaid office of any Paying Agent other than the Paying Agent in New York City.

On and after January 31, 1986, interest on the Bonds to be redeemed will cease to accrue.

BANK OF TOKYO (CURAÇAO) HOLDING N.V.

By: The Bank of Tokyo Trust Company

as Fiscal Agent

Dated: December 31, 1985

APPOINTMENTS

New financial director at UKD International

Mr David Cutler has been appointed to the board of UKO INTERNATIONAL as finance director from January 1. He joined on November 1 as company secretary and he will retain the position.

★

Mr Ian Staveley has been appointed operations director of HIGHLAND ELECTRONICS DISTRIBUTION, a subsidiary of Highland Electronics Group. He was previously general manager of Speedy Components.

★

On January 1 **Mr W. J. McGregor** will become a director of the HIGHLANDS DISTILLERIES CO. with responsibility for production. He will succeed Mr W. Grant, who retires on January 12.

★

Mr George Duncan has been appointed to the board of CANTRELL & COCHRANE GROUP, the Dublin based drinks company in which Allied-Lyons has a 50.4 per cent holding. Mr Duncan is a director of Showerings, Vine Products and Whiteways, the Allied-Lyons wines, spirits and soft drinks division.

★

Mr A. A. Pitman and **Mr D. A. Symington** have been appointed directors of S. FIGGIS & CO from January 1.

★

Mr Anthony L. White, Mr Robert D. E. Carpenter, Mr Richard Harrison, Mr James M. Johnston and **Mr Kenneth D. Rodrigues** join the partnership of KITCAT & AITKEN, stockbrokers, from January 1.

★

Mr David Newbigging has been appointed to the board of RENTOKIL GROUP as a non-executive director from January 1. Mr Newbigging, a former chairman of Jardine, Matheson & Co, is currently deputy chairman of the Provincial Insurance Group, a director of the National Coal Board and advisor to British Telecom.

★

Mr Kimble Earl, managing director of Reading Newspaper Company, has been appointed managing director of KNAPP DREWETT AND SONS from January 1.

★

SCANDINAVIAN BANK GROUP has promoted **Mr Peter F. Harrington** to executive director. Other promotions include: **Mr Nicholas C. Cannon, Mr Michael J. Salmon, Mr David Simpson** and **Mr Geoffrey T. Ritchie** to general manager, and **Mr Christopher Anderson, Mr Andrew Hardie, Mr Phillip Edwards, Mr Malcolm Pemble, Mr Rodney Sinclair, Mr Frank Waller** and **Mr John Cheesewright** to manager. Overseas promotions include **Mr Philip Lewis** to executive director, **Mr Alan Philpott** to general manager and **Mr Rodney Ballard** and **Mr Joel Suarez** to manager.

★

Mr M. H. L. Lycett has relinquished the chairmanship of LYCETT, BROWNE-SWINBURNE AND DOUGLASS, but remains a director. **Mr N. D. B. Straker** has been appointed a director of the company and also of Lycett, Browne-Swinburne and Douglass (Cumbria) from January 1.

★

ALFRED BLACKMORE AND CO., Lloyds broker, has made the following appointments: **Mr Chris Gadd** has been appointed a director. **Mr David Reynolds, Mr Ian Swan** and **Mr Roger Wiseman** have been appointed divisional directors of the non-marine division. **Mr Russell Ennever, Mr John Knott** and **Mr Simon Lakey** have been appointed divisional directors of the professional indemnity division. **Mr Peter Rose** has been appointed a director of Alfred Blackmore (Life and Pensions).

★

Mrs Helen P. Waudby will be relinquishing the chairmanship of BRITISH STEAM SPECIALTIES from March 31 and retiring from the board. **Mr Ian H. Phillipps** will succeed Mrs Waudby and has been appointed deputy chairman.

★

Mr Stuart Mitchell is to be the new director of the NORTH WEST TOURIST BOARD. He will take over from Mr Geoffrey Hare, who leaves in January to become chief executive of the Scottish Tourist Board. Mr Mitchell was manager of the business advice unit and commercial appraisal — ETB's grant scheme for tourist projects.

★

NEVILLE RUSSELL has appointed **Mr Graham Hopkinson** as managing partner of its expanding provincial network. He is senior partner of the Midlands offices.

The following managers have been promoted to partners from January 1: **Mr Paul Carter** (Oxford), **Mr Christopher Dring** (Norwich) and **Mr David Hughesdon** (Bristol). **Mr John White**, who has been running a successful private practice in Clevedon, will merge his existing business with Neville Russell's Bristol office on January 1, and become a partner of the firm on the same date. **Mr Victor Winchcombe** and **Mr Kenneth Charlton**, partners based at the firm's London office, have retired.

CONTRACTS

Middle East water project

KENT PROCESS CONTROL, a Brown Boveri Kent company, has been awarded a contract worth nearly £4m to supply, install and commission a computer-based telemetry monitoring and control system for a Middle East water supply project. The contract, placed with the company by Paterson Candy International, a water engineering subsidiary of the Portals Group, covers the control of nine reservoir works, four treatment works and various administrative sites. Deliveries are expected by the end of 1986.

★

AMES CROSTA BABCOCK, of Heywood, a Babcock International company, is to play a part in a landbased reverse osmosis desalination plant at the coastal town of Arrecife, principal town in Lanzarote in the Canary Islands. The plant will provide 5,000 cu metres a day of drinking water from sea water for about 25,000 people. The company has won a contract worth some £1.6m from Cadagua SA/CMZ, of Spain, which has been awarded the main £5m (approx) contract by the Spanish administration. Ames Crosta Babcock is providing technical support and specialist equipment, including membranes, to Cadagua which is responsible for the total mechanical and electrical work, with CMZ responsible for the civil work.

★

A US order worth over $5m (£3.5m) has been won by **PLESSEY TELECOMMUNICATIONS PRODUCTS** (PTPL) of Liverpool, through the wholly-owned Plessey US subsidiary Stromberg Carlson Corporation. The order is for intelligent payphones and will be produced by PTPL's Chorley, Lancashire factory. The American Communications Corporation of Florida has ordered several thousand payphones for distribution to the Customer-Owned Coin - Operated Telephone (COCOT) market in metropolitan areas throughout the US. They are scheduled for delivery in early 1986. The Plessey range of intelligent payphones includes a vandal-proof model for use in exposed public locations, a model for semi-secure locations such as hotels and restaurants, renters call box phones for private premises, and credit card and debit card payphones. The payphones systems include advanced microelectronics which provide telephone administrations with management facilities such as remote monitoring of cash boxes to provide information on cash collected, automatic self-test, reporting of faults and indication of vandal attacks. To date, Plessey has supplied over 40,000 payphones to British Telecom for its payphone modernisation programme and has worldwide orders in excess of 130,000 units.

★

TILBURY CONSTRUCTION has won orders worth £2.8m. The largest of these—at just over £1m—comes from the Property Services Agency for an extension with link connection to the Land Registry building in Plymouth. Internal alterations to this building are involved with construction of a new service road and a car parking area. The contract is expected to take a year to complete. The company has a £200,000 order for an extension to the Poole sewage treatment works for the Wessex Water Authority. Two contracts from the Thames Water Authority cover Phases 2 and 3 of the work at the Lea Bridge pumping station. The combined worth of these two jobs is £450,000. Demolishing a brickwork water tower and surrounding buildings and constructing borehole headworks is part of the Ordsall Road pumping station redevelopment at East Retford, in a contract from Anglian Water valued at £130,000. An £86,000 order from British Rail to demolish the goods shed at Manningtree railway station in Essex and to construct a car park in the goods yard completes the list.

★

ASEA METALLURGY, Sweden, has received two orders worth £6m for electrical equipment from the aluminium industry. GA Metall, Sundsvall, Sweden, has placed a £2.5m order for three thyristor rectifiers for a total current of 150,000 A, complete with transformers, high-voltage switchgear and control equipment based on the Asea Master family of microcomputer-based control and monitoring systems. The second order was received from Vereinigte Aluminium Werke, Grevenbroich, West Germany. It covers the supply of the complete drive and control equipment for four new aluminium rolling mills. The control system is also based on Asea Master and will provide digital control for the main drives.

★

Strathclyde Regional Council has chosen **HONEYWELL** to supply a £1.6m office automation system. Facilities will include word processing, document and records handling, electronic mail, financial modelling systems and networking and communications facilities Strathclyde chief executive Mr Robert Calderwood said that the system will save £250,000 to £500,000 annually within the next three years. Honeywell will supply 10 of its advanced model DPS 6 multi-function small computers, 250 VDU terminals, 140 letter quality printers as well as disk drives, software and networking products.

★

The London Borough of Enfield has become the first local authority in the UK to order a fully computerised system for administering street works schemes. It has ordered a special package from **DELTA DATA SYSTEMS**, Welwyn Garden City. Roadscan, as the package is called, is made up of a number of individual schemes to cover the different aspects of highway control.

★

CRITTALL TECTONIC has won a contract to supply 300 sq m of patent glazing system for the new Falklands Hospital at Port Stanley, scheduled for completion during the second quarter of 1986. The patent glazing will be used to provide glazed link corridors as well as glazed roof areas to enhance the amount of daylight available to the interior of the new facility.

★

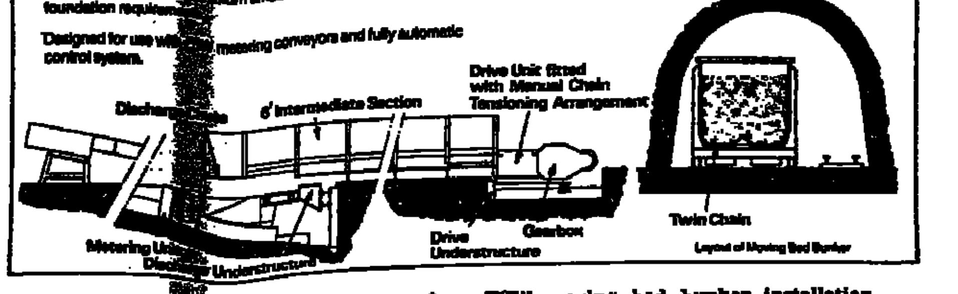
Orders approaching £200,000 in total have been received by **DELTA CONTROLS**, East Molesey, for process control instrumention on Marathon's Brae "B" platform, to be located in the North Sea. The orders cover pressure switches valued at £110,600, flow switches at £32,000 and temperature switches worth £37,000.

Coal mine conveyors for Turkey

FLETCHER SUTCLIFFE WILD, a division of Dobson Park Industries, has won a contract worth around £1.15m for the manufacture and supply of conveying systems to a coal mine in Turkey. The contract has been placed by the Turkey Komur Isletmeleri Kurumu of Ankara, which is the Turkish equivalent of the UK's National Coal Board. Delivery will commence next month and is due to be completed during March for a deep mine installation at Cayirham Mine, near Beypazari. The equipment will comprise six specially designed conveyors, structures and ancillary equipment, each fitted with two 160 kW (215 hp) motors. The range of conveyors will cover various applications, with both downhill and uphill versions being used, handling run-of-mine coal.

The first UK-manufactured moving-bed bunkers to be installed in a US coal mine have been supplied by the division. In contracts totalling over £500,000, FSW have manufactured two 300-US-ton bunkers for different applications at the Old Ben Coal Company, Benton, Illinois. The bunkers were sold through an associate company, Gullick Dobson Inc of Pitsburgh, a member of the Gullick division of Dobson Park Industries. The first bunker is for a shaft bottom installation feeding into a skip and was commissioned in June 1985. The second bunker is for an in-bye application for use as a district bunker. A metering conveyor is also being supplied with this and they are currently being installed.

The moving-bed system is a simple method of storing material from a conveyor system by transferring it on to a chain conveyor with storage capacity at a suitable point within the transport system. The stored material is discharged back on to the conveyor system when the capacity to accept the load is available. Metering conveyors can be installed at the discharge end of bunkers to guarantee a set flow rate from the bunker. The design is normally a chain conveyor with "saloon" type doors fitted at the discharge end, which are adjusted automatically to control the required amount of feed rate.



The diagram shows a typical layout of an FSW moving bed bunker installation.

THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

A year of progress

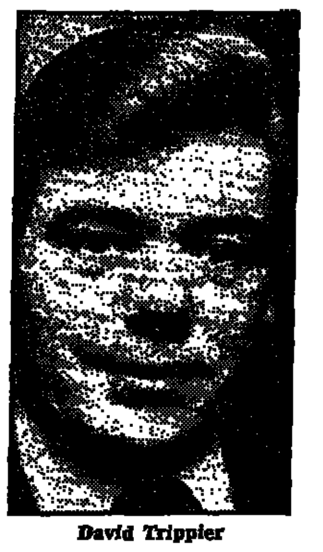
A political tool to cut unemployment

William Dawkins and Ian Hamilton Fazey sum up the gains and expectations of the sector in *1985*

SMALL BUSINESSES have *never spent so much time so* near the centre of the political stage in the UK as they did in 1985.

The *Government* has striven increasingly hard to stimulate the sector in its attempts to make a dent in the one problem which will make or break its chances at the next General Election: unemployment.

Over the past year, small businessmen *have* been showered with all kinds of support measures and advice to add to an existing barrage *of incentives. Clearly, much* will be expected of their ability to respond by creating jobs in the next 12 months. "I now believe that in 1986 we shall be reaping rather than sowing," says David Trippier, the small firms' minister.



David Trippier

The most important small business seeds to be planted by Whitehall in 1985 include the following:

- A *repackaging of the 64* industrial support schemes controlled by the Department of Trade and Industry (DTI) into four easy-to-use parcels.
- A Budget which made employee share option schemes more attractive, introduced tax *relief* for self employed people's National Insurance contributions, closed another loophole *in the Business Expansion* Scheme (BES) and opened the scheme to research ventures.
- Proposals by the DTI—to a mixed reception—to cut some of the accounting and audit requirements now imposed on small companies.
- A July White Paper containing almost 80 measures to reduce the burden inflicted on businessmen by official red tape. *It also set up* an anti-bureaucracy central task force, headed by Lord Young, the Employment Secretary. More red-tape cutting to come in another paper due by the end of May.
- A reshuffle in September which delighted lobbyists by giving Lord Young and Trippier more power and turning John Macgregor, a former small business minister, into Chief Secretary for the Treasury, where he holds the purse strings of the BES and the *Loan* Guarantee Scheme (LGS).
- An autumn statement from Nigel Lawson, the Chancellor, *pledging more places for the* Enterprise Allowance Scheme (a £40-per-week subsidy for jobless people starting in self-employment), an extra £2.5m for the enterprise agencies and an extension from the end of 1985 until next April for the ailing LGS.

The signs are that the Government's small business agenda for the coming year will be just as busy. Trippier *is likely* to come out with an increase in business training for graduates seeking self-employment or setting up *small ventures. Only one-third* of a per cent of graduates set up their own business and Trippier wants to see a tenfold increase

More schools will be teaching pupils business skills, says Trippier. Mini-enterprise schemes will be running in 7,000 establishments in 1986, *whereby 14- to 18-year-olds* run their own ventures at school. Better and more training programmes for *owner-managers of new and* existing businesses are also on the cards, he says.

Trippier has also been negotiating with industrial organisations for a code on trade payments *for* small businesses to improve the cash flow of companies kept waiting *for* large companies to pay their bills.

The small business lobby *groups, of course, are still not satisfied and would like* to see more changes in the legislative and fiscal climate. A higher Value Added Tax registration threshold, a more open public procurement policy and lower interest rates are among their demands, as some of the leading lobbyists explain in more detail below.

(L to r) Bernard Juby, John Cochrane, Stan Mendham and Bill Poeton

Ian Hamilton Fazey talks to the lobby groups about their hopes for next year

BERNARD JUBY, chairman of the National Federation of Self-Employed and Small Businesses *speaks for many of the lobbyists* when he says: "We don't want handouts. We just want to be left alone to get on with running our businesses."

There is one special support measure, however, he would like to see: Government tax bonds which small businesses could buy instead of paying taxes on profits directly to the Inland Revenue. These would be cashable if the money were to be invested in expanding the business.

He says this would be a welcome balance to the Govern*ment's apparent obsession with* helping start-ups and would help existing businesses to grow.

He also thinks that the sometimes difficult relations self-employed people have with the Inland Revenue would be eased if they had stronger legal rights. A new taxation class of artisan/professional would be desirable, says Juby.

At present, it can be difficult for self-employed people to take *on* contracts where most of their time becomes devoted to one *customer*, because the Inland Revenue may declare that they have become employed and must therefore be subject to a tougher tax regime.

Juby says that more deregulation is necessary but worries that Lord Young's Enterprise Unit has failed to realise the speed of the Whitehall legislative conveyor belt. "It's no use deregulating at one end if the Department of Health and Social Security is piling on more regulations at the other,"

●

THE LAST two budgets have been disastrous for small businesses as far as capital allowances are concerned, says John Cochrane, chairman of the Association of Independent Companies. As things stand, the *first-year allowance* will go down to 25 per cent in 1986.

Cochrane believes this must be changed. Since most small *businesses borrow at well over* base to pay for investment, he says the Chancellor's argument —that market factors alone should dictate the decision—cannot work. The high cost of money for small businesses distorts the picture unfairly.

Cochrane says that one new rule should be introduced for all—100 per cent capital allowance on the first £50,000 invested and 50 per cent on the *next £50,000. This would* have a minuscule effect on big companies' decisions but a decisive one in the small business *sector.*

He thinks this would encourage growth of existing small businesses and create jobs.

Cochrane also believes in wages subsidies for up to six people taken from the long-term unemployed register.

His association is also to press for a new VAT registration *threshold of £50,000, as against* the present £19,500 level of annual sales at which VAT is payable, a national fixing of the *non-domestic rate, and the* deferment of VAT payments on debtors, with full relief for bad debts.

●

STAN MENDHAM, chief executive of the Forum of Private Business, wants government *action in two main areas*—improvement of the general business environment for small business and the elimination of unfair competition.

His proposals cover red tape, big-company trading practices, interest rates, taxation, the Black Economy, the legal identity of a small business and the VAT threshold. These are:

- Reduction and removal of administrative burdens to continue.
- Discriminatory discounts, which are designed for big-company buyers, particularly in *retailing, to be outlawed.* Volume discount to continue but "blackmail selling," when a buyer has to take a full range *of* lines to get a discount on one of them, to be made illegal.
- More government control of interest rates. Since most small businesses borrow their working capital, interest rates have a disproportionate impact on them compared with big companies, especially since many *have no power to demand better* rates than 4 or 5 per cent above base.
- Payment of tax on profits to *be deferred on a rolling* three-year basis provided the money is spent on investment in business development.
- The Black Economy, which competes unfairly with legitimate small business, to be attacked harder. Raising the VAT registration threshold to £100,000 would entice many people out of the black, cash economy, Mendham says. A six-month amnesty would speed matters.
- *There should* be a *new* legal identity for business with six employees or less, called the "micro company." Simplified, integrated forms would enable them to operate with a minimum of red tape.

●

FREE competition *is* not fair competition if it is "free-for-all," says Bill Poeton, president of the Union of Independent *Companies. That, he argues, is* because big business dictates pricing and purchasing policy throughout the economy.

"*We want* anti-trust legislation similar to that in the US so as to open up the high street," he says. "This would promote fair competition and allow small businesses to compete better with the giants. Fair competition would mean *lower* prices and hence more demand and more jobs."

He says that 16m new jobs created in the US in the last 10 years in small businesses *could not have happened if* large companies had been able to trade as freely as in Europe.

Poeton is also pressing for "*soft* loans and patient money" for legally defined "small" businesses. In West Germany, he says, such companies are entitled to borrow from the banks at 2-3 per cent below base, instead of 3-5 per cent over, as in Britain.

Small business should also be given entitlement to a bigger share of government and local authority procurement, which is currently worth more than 50 *per cent of GDP, he says.*

Poeton's union also wants to see more deregulation and reduction in administrative burdens, as well as the elimination of tax on all forms of savings.

In addition, he says that much of the Official Secrets Act should be repealed so that civil servants can discuss ideas more openly and so improve consultation with the small business sector.

Hire a driver

John Edwards reports on a start-up which could turn into a franchise operation

ARE YOU going to a New Year's Eve party tonight? You may well be wondering how to get home once all the fun is over.

It is at times like these, when the drink is consumed enough to put driving out of the question, that a chauffeur-driven car would be just the answer—even if beyond most people's pockets. One way to bring the costs of chauffering down to a widely affordable level is to hire a driver for your own car; a *simple* idea which a former Chrysler executive is now turning into a thriving business in the heart of the gin-and-tonic belt in Berkshire.

Forty-year-old Michael Bedford and his part-time partner, Peter Hughes, a primary school teacher, each ploughed £5,000 into their business, Duty Driver, six months ago. Now they look set to recoup their investment and start making profits by next June—providing an example of how a service business can expand quickly on a very small capital base.

While the festive season *should be the busiest time of* the year for the duo and their 100 contract drivers, the business was founded on the belief that there is a wider market. Busy executives, companies which do not want a full-time chauffeur, party-goers, City commuters and shoppers are just some of the users of Duty Driver's £5 per hour service.

Turnover has doubled every month since the company started trading in July, when it made just three trips. Duty Driver expects December to provide *80* trips. The starting points for this venture were Bedford's desk and telephone in Cookham and advertisements *in the* local Thames Valley newspapers for suitable drivers.

Applicants had to be aged over 30 with a clean driving licence and able to pass a test conducted by an independent police training officer. Appearance and behaviour were also *important*, says Bedford. "We didn't want anybody with long greasy hair and dirty fingernails. Drivers have to be properly *dressed*, with clean shoes —no jeans or anoraks. Otherwise clients might be reluctant to let them drive their cars," he says.

Only one in three of the applicants came up to Bedford's standards. All of them work for Duty Driver part-time and either have another job or are retired or redundant. The business keeps its fixed overheads low by not paying *salaries*. Instead its drivers receive 60 per cent of the group's charge plus tips.

The use of Duty Driver is restricted by the fact that the chauffeur has to return to the journey's starting point so that he can pick up his own car. However, Duty Driver does not start to charge until its driver tarrives at the customer's car. People who have *lost* their licences have proved a rich source of business; so much so that the St Christopher Insur*ance Company—which* specialises in providing drivers for policy holders who have been banned from the roads—has made an arrangement to use Duty Driver's services.

One drawback of the service is that many car owners' insurance cover is restricted to named drivers. However, Bedford points out that insurance companies have tended to welcome experienced, police-tested drivers, who may even be safer than the car's real owner. As a result, extra insurance premiums charged for Duty Driver customers *have usually* been very small, or in some cases non-existent.

Until now, Bedford has not spread Duty Driver's net beyond the prosperous Thames Valley. Once the business gets more established, Bedford aims to expand to other districts, possibly by establishing a franchised network.

In brief . . .

BUSINESSES WHICH lack the resources to produce or market new project ideas on their own are the target of a seminar to be staged by the London Chamber of Commerce and Industry with 3i Consultants.

The seminar, to be held at the chamber's City headquarters on the afternoon of January 21, will examine the aims and advantages of licensing and technology transfer agreements.

Tickets cost £63.25 for non-chamber members or £46 for members. Details from LCCI, 69 Cannon Street, London EC4N 5AB. Telephone 01-248 4444.

THE ARTS

Opera in 1985/Max Loppert

Handel and Tippett celebrations enrich a flourishing scene

The biggest operatic news of 1985 was provided by the Handel tercentenary celebrations. This was an anniversary that, unlike many others of similar (if not equal) significance, actually penetrated the thinking and planning of opera organisations of all kinds, with consequences that changed the face of the operatic calendar.

In 1985, in greater quantity than in any previous year of living memory, the performance of Handel opera and oratorio reached right across the country. The following were fully staged (I apologise in advance for any notable omission): *Agrippina*, *Alcina*, *Berenice*, *Flavio*, *Orlando*, *Poro*, *Rinaldo*, *Rodelinda*, *Rodrigo*, *Serse*, *Tamerlano*, and *Teseo* among the Italian operas and, among the English-language works, *Acis and Galataea* and *Samson* (the dispute at Covent Garden lasted long enough to deny last month's intended *Semele* revival). Performers of the above ranged from our national companies — all, indeed, except the Welsh (whose Handel sympathies had already been demonstrated in previous years)—to students and fringe enthusiasts. Not all their efforts were of equal merit, of course, but their sum total seemed to prove that Handel the theatrical genius has come to stay.

This is not the place for a dissertation on the kind and compass of that genius. But the year's performances, in this country alone, gave cause for reflection on a related topic. Though now widely admitted, Handel's is a genius still far from being accepted on its own terms; the rediscovery this century of Handel the theatre composer has been accompanied most of the way by attempts to "help" his works to popular favour. In Germany, where the process began, it often took the form of rescoring and even refashioning the works in addition to massively cutting them. We no longer resort to those practices and generally avoid the cardinal mistake of lowering by an octave the high-voiced male parts originally written for castrati.

But most of the above-listed productions implied, one way or another, that help of a perhaps less radical kind is still thought to be needed. That is understandable. The conventions governing *opera seria* are among the more complicated developments in the history of the lyric theatre; and modern theatre size and lay-out, not to speak of modern stage management and machinery, hardly conform to the 18th-century ideal. But the form that help takes can still go to extremes: style in staging is by no means a matter of general consensus. By two 1985 productions of *Teseo*, the point was graphically made: while the English Bach Festival presented it at Covent Garden in their familiar "house style" of 18th-century costumes, dance and stylised gesture, the Royal Northern College gave the work amid the gas masks, smoke, and barbed wire of a First World War setting.

Most of the other British Handel productions lay somewhere between these widely separated points of view; none that I saw gave the impression that overriding trust and total confidence in the music had provided the main thrust of the chosen production style. London's two big Handel shows could both be criticised—though in very different degree—along these lines. It is perhaps a dangerous course to choose to stage the oratorio *Samson* at all (though this was in fact the second Royal Opera attempt to do so in its post-war history). In the event, the musical execution under Julius Rudel was so soggy, heavy, and flatfooted, and Jon Vickers gave such a powerfully anachronistic account of the title role, that one could hardly judge Elijah Moshinksy's staging at all, except in the way of noting its various lively, curious and puzzling features in passing.

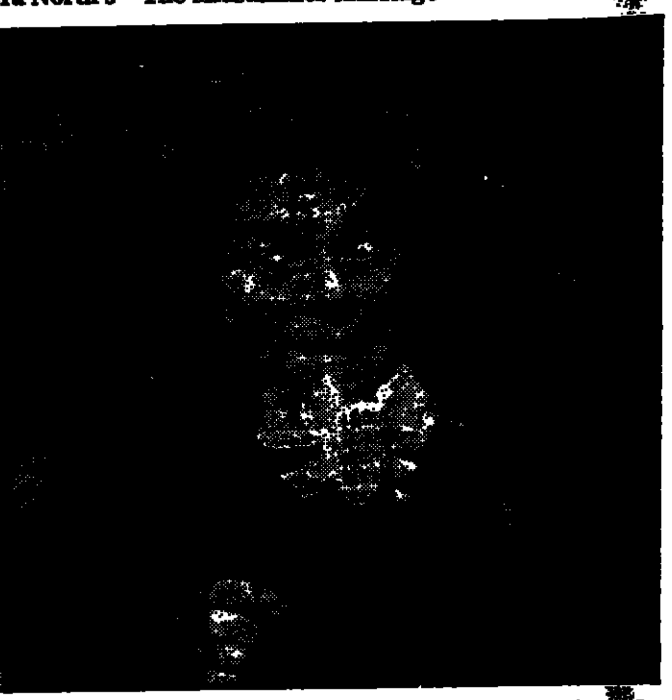
This was a wretched centenary tribute. By contrast, the English National Opera's *Xerxes* was a masterly piece of stagecraft, and, with Ann Murray, Valerie Masterson, Christopher Robson, Jean Rigby, and Lesley Garrett all at the top of their form, a sparkling, light-fingered Handelian musical entertainment. Whether all the sidelights on 18th-century fashion and all the elegant in-jokes that Nicholas Hytner had stirred into his production ended up by getting in the way of the work's semi-serious romantic content could be deemed a matter of taste (for mine, they did). What the Handel centenary year showed, I think, is that even though the battle for popular acceptance has been won, there is yet some distance to be travelled on the road of taste and style.

The other notable 1985 celebration — of Michael Tippett's 80th birthday — was less widespread than it deserved to be.

In the Royal Opera House, place of birth for all four Tippett operas, there was no Tippett Festival, and not even a new production of one of those works to reflect the proper sense of honour and gratitude, merely the latest return of the 1982 *King Priam*, visually now somewhat *demodé* — but at least it was a revival well sung and acted, and by Elgar Howarth ably conducted. The ENO's new *Midsummer Marriage*, in a disastrously coarse-grained and uncomprehending production by David Pountney, was redeemed only part of the way by its cast, chorus, and conductor (Mark Elder). It remained for Leeds to provide the joy that we had expected in London: Opera North's *Midsummer Marriage*, in a brilliantly fresh, good-humoured, and imaginative production by Tim Albery, and (under David Lloyd-Jones) sung and played with youthful elation, was one of the year's strongest gusts of fresh air.

Donald Stephenson and The Dancers in Opera North's "The Midsummer Marriage"

Ann Murray (left) and Valerie Masterson in ENO's "Xerxes"



Kenneth Reigel as the Dwarf in "The Birthday of the Infanta"

Contemplating the year's full British schedule in retrospect, one is bound to recall what a good year it was, as a whole, and what a rich, varied, well-mixed repertory it offered — opera in Britain may be in the grip of ever-worsening financial stringency (the recent paring-down of regional touring dates sounded a terrible warning knell), yet overall the scene flourished in defiance of the thunder clouds and lightning flashes. Contemplating the 1985 performance schedule of the ENO alone, it was hard not to feel proud — and, indeed, grateful. For all our carpings, complaints, and occasional cries of agony, we Londoners should be ready to admit, when the opportunity arises, that in this company we possess one of the world's most important, most serious-minded, most adventurous operatic enterprises: a company in truth, not an emporium of flashy operatic wares.

The selection of works was admirably balanced. Handel, Mozart (the promising new Miller *Don Giovanni* to atone for a dreary revival of the Miller *Figaro*), Beethoven, Verdi (including a *Don Carlos* limited as stage spectacle but wonderfully moving as personal drama), Wagner (the soberly revelatory Friedrich *Tristan* conducted by Goodall) and Puccini securely marked out the main line. Contemporary works like Hamilton's *Anna Karenina* and Glass's *Akhnaten* were worthily offered, though I am not sure I would care to sit through either a second time.

New looks, in differing degree successful, were cast on old favourites: if *Orpheus in the Underworld* (the Gerald Scarfe brand of panto Offenbach) and *The Bartered Bride* gave rise to passing qualms, Gounod's *Faust* was ENO operatic re-examination at its most exhilarating. Midway through the year Lord Harewood retired, after 13 years in office; he has left the company in good shape.

And what of London's "centre of international excellence" up the road in WC2?

In 1985, Royal Opera standards varied as widely as before. The good news here, however, is that, in comparison with previous years, there were fewer absolute duds to wring hands over—even though those there were, the already-mentioned *Samson*, the risible *La donna del lago* (production from Houston) to set back the cause of Romantic Rossini by several decades, and *Ariadne auf Naxos* (from Paris) rendered as gruesome *Gallic High Campery*, caused blushes of shame and rage enough.

But against this, the house could take genuine pride in the high level of execution that attended the British première of *Donnerstag:* whatever one may have thought of Stockhausen's neo-Wagnerian epic (and every shade of opinion, from love to hate, was reflected somewhere in its reception), there was no doubting the total commitment which brought it to performance. The double bill of Zemlinsky one-actors came across less magisterially — the first, *A Florentine Tragedy*, was a waste of time, but the second, *The Birthday of the Infanta*, set a balance the other way, particularly in the force exerted by Kenneth Riegel's shattering central portrayal. The new *Barber of Seville* was enjoyable first time round—Thomas Allen, Samuel Ramey, and conductor Gabriele Ferro showing themselves new-mint Rossinians — though Michael Hampe's production went dull and conventional on its later reappearance.

In between, there was the usual crop of neither-here-nor-there revivals, oddly cast (*Flute*, *Traviata*, *Bohème*, *Trovatore*). There was no Wagner at all. But there was also a more-generous-than-usual handful of performances that left the international operatic ideal a little less implausible—for the moment, anyhow. *Samson et Dalila*, with Domingo and Baltsa, and Colin Davis conducting, was one; *Macbeth* (Bruson, Dimitrova, Edward Downes a master Verdian) and what I took to be the house's most beautiful *Fanciulla del West* so far (with Mara Zampieri a fascinating, individual Minnie and John Mauceri a broadly lyrical conductor) were others. Joan Sutherland returned to give what was probably her final round of London Lucias; partnered with another glorious veteran, Carlo Bergonzi, she irradiate the house, "playing" the music and the role as, in his last years, Rubinstein used to play Chopin.

Opera North's Tippet triumph made amends for a shot a few months earlier at *The Mastersingers* that misfired in several directions at once (as far as the borrowed Czech production went, it was *The Mastersingers of Toytown*). The Welsh National achieved one characteristic *outré* event, Pintilie's *Rigoletto*, a bold but unstylish new *Norma*, a *Twilight* completion to its *Ring* (with Anne Evans's Brünnhilde rising to noble heights), and a *Così fan tutte* that surprised everyone with its unshowy fidelity to Da Ponte's text, time, and place.

In the matter of Scottish Opera — whose 1985 schedule climaxed in the already-notorious hash-up of Weber's *Oberon*—let me leave the final word to Raymond Monelle, regular Glasgow correspondent of *Opera*: "It seems clear that Scottish Opera are disastrously off course. One or two indiscretions . . . can be forgiven, but the current *Oberon* proves that vulgarity, philistinism, and a bitter hatred for all things truly operatic have now taken charge." What is to be done?

Glyndebourne had one of its vintage festival seasons. Peter Hall and Bernard Haitink collaborated on a new *Carmen* (admirably straightforward except in the matter of Maria Ewing's self-regarding, vocally self-indulgent account of the title role) and a classic new *Albert Herring* (if that failed to reconcile me to the work, I fear nothing can). Felicity Lott was an Arabella both lustrous and intelligent; *Idomeneo*, conducted with classical fire and force by Simon Rattle, improved greatly on its original showing; and the Knussen double bill and *Cenerentola* (still too cute and fussy) made up the excellently balanced bill of fare.

The triumph of the French-accented Edinburgh programme, at least from the musical point of view, was the first British visit of the Opéra de Lyon under its conductor John Eliot Gardiner. An eccentric country-house *Pelléas* production was notable for wonderfully pure utterance—when José van Dam, Francois le Roux, and Diana Montague were on stage, the beauties of sung French were very evident —and for Gardiner's meticulously cleansed Debussy text. The second Lyon offering, Chabrier's operetta *L'Etoile*, was two hours of unalloyed pleasure. Of all my 1985 festival travels—which included a thrilling first visit to Santa Fe, and a happy return to Wexford (least happy during a plodding Handel *Ariodante*) — this was the high point. Is there no way this *Etoile* can be brought to Sadler's Wells, so that London can at last sample what Edinburgh has already so hugely enjoyed?

New music on tap and machine

ANDREW CLEMENTS (left) and DAVID MURRAY reflect on a London musical year when Stockhausen came to Covent Garden, Boulez celebrated his 60th birthday, the Barbican hurried downmarket even faster than the South Bank, Bolet and Prey gave memorable concerts, Michelangeli was sublime, Gavrilov ridiculous, Mahler and Mozart went full cycle, and adventurous new music programming was in the capable but underfunded hands of the ICA and the Almeida.

A year that included a Stockhausen opera, important Stockhausen retrospective and a comprehensive celebration of Mahler's influence upon 20th-century music cannot be passed off as run of the mill. However one reacted to *Donnerstag* at Covent Garden (and some fearsome intellects reportedly found it compelling) the BBC's Stockhausen festival at the Barbican, "Music and Machines," provided more positive proof of the composer's originality and durability, as well as his continuing knack of capturing the public imagination in a way that none of his contemporaries, including Boulez, has managed to do.

If the first British performance of the massive *Hymnen* with orchestra was the high-point of the festival, none of the concerts was without its rewards: the previously under-rated *Mixtur* emerged as a pungent exploration of the use of live electronics with orchestra, *Stimmung* not at all as the modish orientalism it once promised to become but as a haunting, beautifully structured musical meditation, the taped *Telemusik* as arguably the finest electronic composition so far produced and possibly Stockhausen's best work. "Music and Machines" concentrated on the 1960s; it is unfortunate that another series devoted to his music from the following decade is unlikely to be so convincing, even though undoubtedly there is a public waiting to hear it.

It could be argued that of all living composers it should have been Pierre Boulez who received most attention this year, but the marking of his 60th birthday was relatively low-key — a BBC Invitation Concert and Festival Hall programme in March, both including *Rituel*, and a London Sinfonietta tribute in the autumn. Boulez the latter-day *animateur* was much in evidence at two days of concerts at St John's, Smith Square in October, when the BBC combined forces with IRCAM to present a showcase of the research institute's progress so far, though without the inclusion of Boulez's own *Répons* on which he has placed so much emphasis.

The results were not inspiring; even composers of proven talent such as Tristan Murail produced music that seemed more intent on exhausting the possibilities of the computer systems they were using rather than of crafting a shapely composition. IRCAM's combination of music and machine may be infinitely more sophisticated than anything used by Stockhausen in the works heard at the Barbican but the results, perhaps for that very reason, are much less memorable.

Festivals of one kind or another have indeed provided most of the interest; the amount of contemporary music finding its way into the programmes of the London orchestras on the South Bank remains pitifully small, and the series put on by the smaller-scale ensembles pledged to new works have been so conscious of their themes that often a good deal of second-rate work is used to pad them out. Without the Almeida and MusICA the fare would have been much poorer; that both organisations have to scratch around for finance while other far less worthy causes mounting far less interesting and ambitious programmes are at least adequately funded is one of the most shaming features of the Arts Council's current music policy.

New music has been a feature of the Almeida's programme throughout the year — during November the Arditti Quartet gave four immensely demanding evenings of string quartets, almost all of them either world premières or first British performances. But the Almeida Festival was the main focus of activity, concentrating this year on American experimentalists and the French-Canadian Claude Vivier.

The experimental strand was notable mostly for the attention it gave to Conlon Nancarrow, whose pianola studies are emerging as one of the more considerable products of American music in the past quarter century, and whose pre-pianola scores are only now being performed for the first time. Nancarrow in some respects is close to Elliott Carter, but his music has a rawness and rude vigour that the civilised Carter never attempts. The main focus in the Vivier survey was his opera *Kopernikus*, staged for the first time in Britain; Max Loppert wrote here about that occasion with some enthusiasm I confess to having been less impressed both by the opera and by Vivier's music in general, which too often sounds like rarefied Messiaen, without positive character of its own.

MusICA attempted nothing so ambitious in its eight concerts this summer, but featured instead the music of Walter Zimmermann, whose real stature continues to elude me, and Vic Hoyland. Hoyland's String Quartet commissioned for the MusICA series was one of the year's more notable new pieces, tautly constructed, lucidly worked and revealing a strand of reflective lyricism I had never before detected in his music.

At the Proms the American theme produced one splendid new work and a major disappointment. Elliott Carter's *Penthode*, brought for its first performance by the Ensemble Intercontemporain under Boulez, proved to be one of the most stylish and approachable of his recent scores, an effortlessly smooth *divertissement* scored with wit and elegance. But the Euorpean première of Roger Session's *When Lilacs Last in the Dooryard Bloomed*, much praised across the Atlantic, was sadly insipid, and crucially lacking the vividness and passion of the Whitman poem it sets. I missed Steve Reich's *The Desert Music*, but among the British commissions admired most Anthony Payne's *The Spirit's Harvest*, which despite some problems of proportion, contains enough powerful, vivid music to merit an urgent second performance.

Maxwell Davies's Third Symphony, given its first performance by the BBC Philharmonic in Manchester in February, also turned up for the Proms, sounding so impressive in its control and large-scale planning that one tends to overlook the stylistic retrenchment it represents. Lutoslawski's Third was there too, in a stunning account by the BBC Symphony, conducted by the composer, that ranked high among the best orchestral playing of the entire season. A further Proms rarity deserves a mention: the G minor Symphony of Wilhelm Stenhammar proved that the Swedish symphonic tradition established by Berwald did not disappear forever, and that perhaps Stenhammar belongs with central Europeans such as Schmidt and Pfitzner as a worthy cause deserving of occasional revival.

If the contemporary music included in the two helpings of "Mahler, Vienna and the 20th Century" was in many ways incidental to the main purpose of the event, it still provided welcome opportunities to hear a brand-new work by Luigi Nono, probably the most neglected in Britain of all major European composers, and a less worthy piece of Wolfgang Rihm. But the Mahler Festival also deserves as much praise for the service it did to Alban Berg in his centenary year as for the generally excellent performances of Mahler from Claudio Abbado and the London Symphony Orchestra. When no British opera company could muster a staging of either of Berg's operas to mark the anniversary, the inclusion of virtually all his compositions apart from the operas in the Barbican based series was no more than justice being done.

In terms of sheer excitement, however, the highpoint of the Mahler concerts was Leonard Bernstein's heaven-storming, unquenchable Mahler 9 with the Concertgebouw Orchestra, the meeting of a truly inspirational conductor with an orchestra that responds to inspiration better than almost any other. No other orchestral concert approached that kind of specialness, though there were some events that need to be remembered even in a survey concentrating on the 20th century.

Mitsuko Uchida's playing and conducting of the Mozart piano concertos has become one of the main attractions of the current season and been much praised here. At the beginning of the year, however, she took on the dual roles with the English Chamber Orchestra for the first time, a concert made doubly delightful by the unexpected excellence of her orchestral control and quite simply the best Mozart playing I have ever heard in the concert hall. Also there has been the continuing partnership of Gunther Wand with the BBC Symphony Orchestra—Bruckner 8 at the Proms, Schubert's last two symphonies in the Festival Hall — in which the BBCSO began to play as if it had regained a genuine feel for the 19th-century symphonic repertory.

Piano recitals ranged from the sublime — Michelangeli's Barbican programme of Chopin and Debussy — to the ridiculous — Gavrilov's self-indulgent traduction of Chopin and Rakhmaninov in the same hall — with satisfying but less extreme performances from Stephen Bishop-Kovacevich and Peter Donohoe in between. But my most treasured memory of the musical year will be of Wigmore Hall song recital: in July Brigitte Fassbaender brought a programme of Schumann, Liszt, Berg and Richard Strauss of such beguiling tone and unwavering musical concentration that each song seemed illuminated in an entirely fresh and quite indelible way.

A.C.

Above the old concert routine

No generalisations about this year's concerts recommend themselves: there *are* musical "trends," but they [illegible] insinuated into public music-making only in bits and pieces. Commercial trends are easier to see: for example, the Barbican is hurrying downmarket faster than the South Bank, with Raymond Gubbay's concerts in the forefront of the change. His "Christmas Love Classics," featuring *Bolero* and a suite from *Carmen*, is a Grade One classic. But there is nothing reprehensible in that: if there is an audience for it, it keeps musicians in work, and some of that audience will be inspired to forage more ambitiously. Some of my colleagues fret about the "exploitation" of inexpensive up-and-coming soloists and conductors; it strikes me, contrariwise, that rising young performers are only too pleased to get London engagements with our best (if probably under-rehearsed) orchestras, and that nobody loses thereby.

"Ah, but serious music loses!" No, it doesn't: the cause of serious music depends upon audiences who discover, little by little, the differences between routine performances and committed work. The Home Counties child who is lugged along to hear only performers of accredited distinction is missing something — namely what makes the difference matter. And of course low-budget performing may, from time to time, catch instinctive fire, to everybody's delight even in the absence of the national press.

South Bank policy [illegible] actually had queasier effects. The new populism doesn't heal breaches, but sets up confrontations: recitals in the Queen Elizabeth Hall have been scarified by brass bands penetrating from outside, and in the Festival Hall itself it is no pleasure in the interval of an elevated performance, to run into loud semi-pro pop. The bare fact is that no current music appeals equally to wide audiences and to specialised, tradition-conscious ones; the reasons for that lie beyond the range of well-meant interventions and forced encounters. They are deep reasons, not to be cured by on-the-spot social engineering.

It was mostly the Barbican that played host to the London Symphony's "Mahler, Vienna and the 20th Century" festival, which drew gratifyingly large audiences in the spring and the autumn. If the LSO itself and its conductor Claudio Abbado were not invariably on their best form, they rose to it often enough to leave glowing impressions—and there were splendid guest appearances, above all by the Amsterdam Concertgebouw to play Mahler's Ninth with Leonard Bernstein. The complete Mahler cycle was enriched not only with music by the next Viennese generation, Schoenberg and his followers and contemporaries, but newer music with notional roots back there. That was admirably prepared, too, and must have caught the imagination of many concert-goers who expected to enjoy only the Mahler.

On a less grandiose scale, the London Sinfonietta's "1955 plus" festival introduced and reconsidered a rich haul of recent music, in the style for which we have admired them these many years. (They contributed one brilliant concert to the "Mahler" festival too.) In early summer, there was a quite unexpected musical feast at the little Almeida Theatre in Islington, by and large avant-garde, but including a magnificent retrospective of American music that *used* to be avant-garde. Far more of that maintained its pristine gleam than anyone might have imagined, thanks in large part to the superlative Almeida performances.

Among many notable performers whom the Almeida introduced to its festival audiences was the pianist Yvar Mikhashoff — the moving spirit of the American section — and the virtuosos Groupe Vocal de France (not all of them French). Odaline de la Martinez's ensemble Lontano contributed substantially, as well as running mini-festivals of modern music on its own earlier and later in the year. The uniquely accomplished Arditti Quarteet figured at the Almeida too, and elsewhere: their services to new quartet-writing are beyond price.

There were of course many distinguished performaces by international artists: I remember with particular pleasure and gratitude concerts by Jorge Bolet, Hermann Prey, Brigitte Fassbaender and Petere Serkin. The pianist Nelson Freire gave a superb recital, and the Borodin and Lasalle string quartets made welcome returns to London. For a Prom given in St Luke's, Chelsea, the Hilliard Ensemble revived medieval marvels by Pérotin and Guillaume de Machaut. Among still younger performers, the pianist Andrew Ball and the oboist Nicholas Daniel gave sterling recitals, and the East German baritone Olaf Bär made a great impression at the Wigmore Hall as well as supplying a charming Harlequin for the Royal Opera's over-dressed new *Ariadne auf Naxos*.

Both the London opera houses had their misfires and curate's eggs. The Royal Opera's *Zauberflöte* was only goodish, their *Così fan tutte*—newly "co-produced" by a great former Despina, Graziella Sciutti—distinctly happier. For the English National Opera David Pountney contrived a flashy, cheerful Tippett *Midsummer Marriage*, Elijah Moshinsky an engagingly folksy *Bartered Bride*. Glyndebourne revived its *Cenerentola* without great panache, but its *Arabella* came back revitalised. The Welsh National Opera completed its friendly, domestic-scale *Ring* cycle (to visit Covent Garden next autumn); there was a very silly Handel *Orlando* by Scottish Opera. In a class by itself was Strauss's *Elektra* on television, a tremendous memorial to its late, great conductor Karl Böhm.

D.M.

New artistic director for Paris opera

Ernest Fleischman, currently executive director of the Los Angeles Philharmonic Association, has been appointed general administrator and artistic director of the Paris Opera.

He will take up the post immediately, dividing his time between Los Angeles and Paris until September 1986, when his resignation from the Los Angeles Philharmonic becomes effective.

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Democratic Europe

IT IS NOT the Europe of the founding fathers. Yet the Community which Spain and Portugal will formally join tomorrow, taking the total membership to 12, is still a remarkable development in its way. It may be twice as loose as the original six, but it is also twice as big. It is the democracy that stands out.

When the Community was founded in 1958, Spain was still under Franco and Portugal under Salazar. Britain, like Scandinavia, was stand-offish and favoured a free trade area. The future of Greece was uncertain and Ireland seemed out on its own. One by one, attitudes and regimes have changed. The change has first been internal: the ending of dictatorship in Spain and Portugal, for example, or the growing realisation in Britain that the country could not thrive without closer ties to Europe. With the change has come an appreciation of the benefits of belonging to a wider community.

Guarantee

There is also a shared assumption that it must be a community of democracies. It would be very difficult for Greece to retain full membership if it were to return to a regime led by colonels, or for Spain and Portugal if they were to revert to their former ways. Even when Italy, in the mid-1970s, seemed set to elect a Communist government, there were serious sugestions within the Community that Italian membership would have to be frozen at its existing level until there was proof that the government was not eroding Italian freedoms. Membership of the Community has thus become a kind of guarantee of continuing democracy.

Collective democracy—or democracy that goes wider than a national state—may provide other gains, too. There are minorities in Spain — the Basques, for example—who may find it easier to live in a wider community where the Spanish writ is not all that goes. It is notable that the politicians from the two communities in the island of Ireland find it much easier to get on together in European institutions than they do at home. The self-confidence, indeed, of the Republic of Ireland has grown immeasurably since it joined. It is no longer isolated and over-dependent on Britain.

Something has changed in the British attitude as well. It used to be said that the Common Market was fine because it kept France and Germany from going to war, —for instance, Mr James Callaghan, as Foreign Secretary, quoted Groucho Marx when he said he was not sure he wished to belong to any club that wanted him as a member. Hardly anyone talks any more about the Community as a means of preventing Franco-German divisions. On the contrary, the French and the Germans have been the driving force to keeping the Community together from the start.

Despite changes of government in both countries, there has nearly always been a Bonn-Paris axis: de Gaulle-Adenauer, Brandt-Pompidou, Schmidt-Giscard and possibly even Kohl-Mitterrand. It took Britain a long time to realise that, but at last the country has reached the stage where it can play its part as an equal.

Of course, there are still omissions. Some democratic countries in Europe are not members and some countries in Europe are not democratic. Norway chose to stay out after a referendum. Sweden, Austria and Switzerland will probably remain outside for different reasons. Yet the members of the Community have growing democratic links with those countries, as has been frequently demonstrated at the various meetings of the Conference on Security and Co-operation in Europe, otherwise known as the Helsinki Agreement. They are ouside the family, but close friends.

Turkey is the obvious next member. Like Spain and Portugal before, it has begun to show democratic credentials. As a developing country with a large population, it will be hard to assimilate. But the challenge is there. It would be very difficult to turn away an aspiring democracy that wants to join the club.

It remains now to see how Europe makes use of its assets. Political co-operation is the order of the day. That means as far as possible a common approach to Eastern Europe, to the US, to the developing world and to Japan. The Community is not a tightly knit group, but it has grown in a way that might be the envy of many other parts of the world.

Syria's role in the Middle East

SYRIA, under the leadership of President Hafez al-Assad, has been noted (by its detractors) for its rejection of all sincere efforts to bring peace to the Middle East or (by its admirers) for its principled pursuit of a just solution which would satisfy Arab aspirations. The West in general and the United States in particular have tended towards the former view, the most radical Arab states and the Soviet Union towards the latter.

Since November 1977, when President Sadat of Egypt started the process which led to the first peace treaty between an Arab country and Israel, the US has sought to reduce Syria's role and thereby limit Soviet influence in the region. The painful need for the US to reassess this policy is today being underlined, first, by the apparent agreement Syria has wrung out of Lebanon's warring factions for a fresh attempt at constitutional reform and, second, by the visit to Damascus by King Hussein of Jordan, the man on whom most American and Israeli peace hopes are resting.

So appalling has been the history of Lebanon during its 10 years of civil war that any negotiated agreement which offers some respite to the civilian population has to be welcomed. If communiqués from Damascus are to be believed the leaders of all the main militias have agreed on a ceasefire and to a gradual disarming of their forces. The Lebanese Army will progressively take over security duties. A new government system will be created which better reflects the numerical weight of the various religious and ethnic communities.

Many people will be sceptical about its chances of success but the agreement is more soundly based than Israel's 1982 attempt to reinforce the historic Christian Maronite grip on power through military invasion. It may be a bitter pill for Mr George Shultz, the US Secretary of State, to swallow, given his personal anger at Syria for frustrating the 1983 Israel-Lebanon pact, but it has the compensating benefit of checking the upsurge in Shi'ite radicalism that so excited Iran a year ago.

If Iran's hopes of helping to sponsor the Middle East's second Islamic republic have been dashed by the Damascus agreement, this can only be a relief to the West and its Arab allies. Syria, despite its tactical agreement with Iran over the Gulf war, is no friend of Islamic fundamentalism

The US might also care to reflect why the key leader of those Arab moderates, King Hussein, should today be in Damascus. In part it demonstrates King Hussein's anger at the failure of Mr Yassir Arafat to move the PLO towards the negotiating table. But it also highlights the King's sharp disappointment with Washington

With King Hussein and President Mubarak of Egypt both beginning to lose hope of US assistance it is inevitable that the drift towards Damascus will continue and that Syria will extract a price for reconciliation.

Public apology

In the case of Jordan it was a public apology by King Hussein for sheltering opponents of the Syrian regime, and there may well be more practical concessions to follow. The price for Egypt would be far higher and would centre on its relations with Israel. There is not the slightest hint that Mr Mubarak is willing to bend to Syria's will but with all too little to show for his present Middle East policy the domestic pressures on him are certain to intensify.

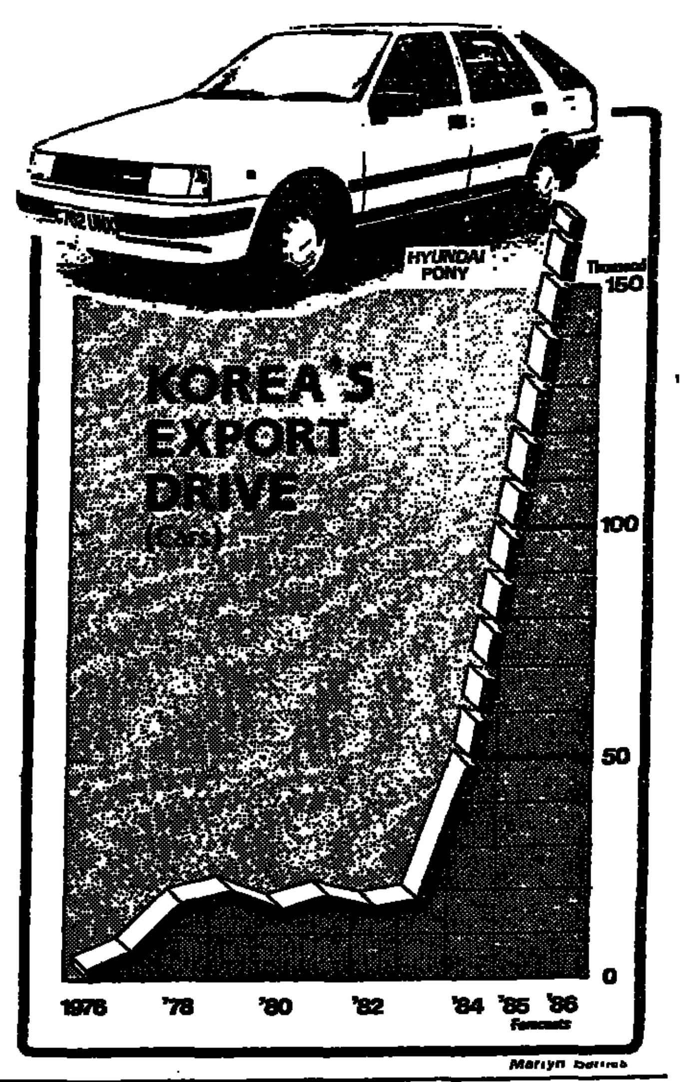
President Assad expended considerable efforts to reassert his influence over Lebanon. By so doing he re-established his central role in Arab politics while at the same time strengthening his hand in dealings with the Soviet Union. The Soviet connection is vital for Mr Assad's cherished aim of securing military parity with Israel and no less important for Moscow in order to assure its presence at any international peace conference on the Middle East.

There have been hints from the Soviet Union of a slightly more flexible approach to its own Jewish citizens and towards resuming relations with Israel. If there could be greater willingness from Washington to accept the reality of Syrian influence in the Middle East, an understanding might be reached which would at least reduce the danger of another war.

World motor industry

The new star rising in the East

Steven Butler in Seoul reports on South Korea's challenge to Japanese manufacturers



Marilyn Bennis

JAPAN'S CAR makers may be about to face their first serious competition. For 15 years they have reigned supreme in the market for small cars, despite the efforts of Europe's and America's best companies to hold them back.

Japan has even managed to blunt the West's political weapon — quotas — by moving production off shore and targeting the market for larger and more expensive vehicles.

The challenger — South Korea — would appear to be an unlikely candidate to square off against the likes of Toyota and Nissan. Korea lags far behind Japan technologically and is spending little on research and development to make up the gap. Its domestic car market is tiny by international standards, not least because the Government continues to impose punitive taxes on car purchase and ownership. Korea's petrol prices are also among the highest in the world.

Moreover, only last year did Korea begin to export cars in any significant volume. Yet unless dozens of industry analysts are far off the mark, South Korea will shortly be sending over half-a-million vehicles a year to Europe and North America, some say close to a million annually by the end of the decade. The US Government estimates that nearly 400,000 vehicles will be sold in North America alone in 1987.

These figures are simply the gap between expansion plans in the industry and expected size of the domestic market. By 1987, Hyundai Motors is expected to be producing at least 416,000 cars annually. Daewoo Motors production capacity will reach 240,000 vehicles, while Kia Motors plans to produce 120,000 mini-cars annually. With domestic demand unlikely to absorb more than a quarter-million vehicles, that leaves half-a-million cars for the rest of the world. On top of this, Hyundai has plans in the works for an entirely new assembly plant, and both Kia and Daewoo say they will expand capacity if the market will bear it. [Some Western analysts, however, consider these targets to be highly optimistic.]

Auto part and component manufacturers throughout the world have quickly recognised and cashed in on the trend, and thereby helped to spur it along. Hardly a month goes by without several new joint ventures between foreign and Korean firms to produce everything from bumpers to steering joints. The world is coming to Korea, and bringing along technology that will quickly bring Korean cars up to international standards.

These investments raise the spectre of American capital and technology combining with Korean manufacturing strengths to compete head-on with the Japanese although two Japanese companies — Mitsubishi and Mazda — are also heavily involved in Korea.

Widespread foreign participation also makes it possible that South Korea could accomplish what conventional wisdom suggests is impossible—to build an export automobile industry without a solid base of high-volume domestic sales.

Only 107,261 cars were sold in Korea last year, compared with 1.8m in Britain or 2.4m in West Germany.

A deep international recession could cripple a Korean producer who lacks a strong domestic market to fall back on Some question whether Hyundai can succeed with fussy US consumers if its main competitive weapon is price. Many years will pass before Korean cars can compete on the basis of quality or technology.

If Korea does succeed, it could prompt far-reaching changes in the international motor industry. Japan will face mounting pressure to move more quickly out of the cheap end of the market and into larger, wide-bodied vehicles, a trend already under way. That in turn will pose a new challenge for the US manufacturers.

"We see Korea as the Japan of 15 years ago," says Mr Denis R. Root, director of Chrysler-Korea, Chrysler's joint-venture procurement arm in the country. "There is clearly an explosive potential. Who would have said that Japan 15 years ago would have challenged the US market?"

All this fuss is over an industry that last year exported just 48,779 cars. Not a single vehicle has yet reached the US market. Yet the companies that have invested millions of dollars in Korea—including General Motors, Chrysler, Mitsubishi, Mazda, and now Ford—are expecting rapid growth.

Korea's industrial wages, at less than $3 an hour, are a small fraction of wages in Japan or the US and the high work ethic and morale of Korean workers is evident from even a cursory tour of a car assembly plant. But Korea's advantages lie in more than a cheap and hard-working labour force.

Making and managing the assembly of the thousands of parts that go into a car is a "medium technology" activity says Mr Byung-Jung Whang, executive director of Daewoo Motor Co. "Automobile manufacturing needs a good industrial base, and Korea happens to be entering that phase of economic development. This is attractive to American firms, and the potential is beginning to be recognised."

Mr Root of Chrysler agrees. "The short-term opportunity can be realised because much of the infrastructure is in place," he says.

Hyundai Motors, of which Mitsubishi owns 15 per cent, is the first company to test that potential in overseas markets, and the response has been remarkable. One-and-a-half years after entering the Canadian market with its Pony sub-compact, Hyundai pushed aside Toyota and Honda to become the leading Canadian importer.

But even Hyundai's executives admit their success is something of a quirk that resulted from good timing. "The tariff-exempt privilege accorded to us by the Canadian Government in our first year contributed in no small measure to our competitiveness," says Mr Chung Se-Yung, president of Hyundai Motors. Japanese manufacturers had to pay a 10.7 per cent tax. Import volume-restraints also led the Japanese to concentrate on selling more expensive cars.

Although a 6 per cent duty will be imposed on Korean cars beginning in 1987, Hyundai is already an established presence in Canada.

Despite Hyundai's dominant position in the growing Canadian market, Japan's sales have been virtually unaffected. "Our car prices went up and that created a vacuum at the lower end of the market," says Mr Yukihito Eguchi, of Nissan Motors.

Hyundai's plunge into the US market next year, with a first year sales target of 100,000 vehicles, will be more difficult, yet some of the same logic will continue to apply as the Japanese makers target a higher segment of the market. Faced with a restriction on its ability to sell its own cars in the US, Mitsubishi Motors recently agreed to market 30,000 Hyundai cars beginning in 1987 through Mitsubishi's network of dealers in the US.

In the near term, Hyundai will continue to lead the Korean advance. Close behind it are Kia Motors and Daewoo Motors, which plan to begin US sales in 1987. Daewoo Motors, a 50-50 joint venture company with General Motors, is building an assembly plant near Seoul that will begin turning out an annual 167,000 front-wheel drive sub-compacts. Most of the output is destined for the US, and will be sold there under GM's Pontiac label. Kia Motors, which is owned 8 per cent by Mazda, will in 1987 start exporting some 80,000 mini-cars, with an engine size of about 1200 cc, through Ford dealers.

Kia executives admit privately they are disappointed in their partnership with Mazda because Mazda seems to fear them as a potential competitor and is said to have been stingy with its transfer of technology. Kia is actively seeking another major foreign partner, and talks are currently under way with Ford—another irony since Ford has a 25 per cent equity stake in Mazda.

The enthusiasm of foreign automobile companies caught the Korean government by surprise. Chrysler initially planned to join with Korea's Samsung group to set up a car manufacturing operation, but found the Government opposed to the idea. Government officials worried that an excessively rapid expansion of capacity would leave the industry dangerously exposed. Chrysler also quickly concluded that to start a whole new manufacturing operation from scratch was too ambitious because of an inadequate parts supply base and has dropped the idea, at least for the time being.

Chrysler instead conducted a survey of 70 sample parts to determine the costs of sourcing in Korea. The result was a projected saving of from 30 to 50 per cent in many cases—principally low technology, labour-intensive parts, such as metal castings or sheet metal work. Chrysler's joint venture partner, Samsung, however, is a leader in the electronics field. Chrysler also found that some inputs, particularly steel, were below international prices. The company will not say how much of its parts it plans to source in Korea, but the volume of business will clearly be measured in the hundreds of millions of dollars within the coming years.

Chrysler plans a three-phase expansion of business in Korea, beginning with simple procurement of parts, leading to manufacturing joint ventures with Chrysler supplying technology, and finally to the local assembly of cars, at which time, Chrysler hopes, the Government's attitude will change. Chrysler also plans to export all its parts to North America, but most companies entering Korea now have a different market in mind. They want to cash in on Korea's rapid expansion of automobile assembly by supplying world-class parts and components. Ford Motors is just the latest company to sign on the dotted line.

The Korean Government is trying to keep the auto parts and components sector away from the big Korean business groups, but car industry executives express continued doubt about whether the small company sector is responding rapidly enough to meet the needs of the industry. Joint ventures for the manufacture of parts and components still offer the greatest opportunities for foreign companies to participate in the rapid growth of the industry.

Exactly how fast the industry will grow is hard to tell. On the domestic side, even with only one car for every 40 Koreans, many analysts say that Korea's per capita income is nonetheless reaching the point where it could rapidly become "motorised."

But powerful obstacles remain. The infrastructure of roads is inadequate. Taxes raise the purchase price of a car by one-fourth, and make ownership expensive throughout. With a continued trade deficit and a foreign debt in excess of $45bn, the Government is not keen to reduce petrol taxes and encourage more imports.

Mr Whang of Daewoo worries that Hyundai's rapid expansion of capacity will make it dangerously reliant on exports, and that over capacity will burden the entire industry. Many fear a Hyundai failure in the US could tarnish the reputation of Korean cars. Some Japanese manufacturers downplay the Korean competitive threat, arguing that the domestic market will always limit the industry's size.

Mr Hioshi Sato, of Mazda Motors, says that inadequate investment in research and development among the Korean companies will put them at a technological disadvantage for the foreseeable future.

Nonetheless, a quick tally of expansion plans in the Korean motor industry indicates that sheer numbers alone will make them a force the Japanese manufacturers cannot ignore. Mr Eguchi of Nissan talks about a possible glut in the supply of small cars.

Few doubt that the quality of Korean cars will rise quickly, while productivity in Korean plants goes up. "We mustn't say we are not threatened," says a Toyota official.

"The biggest challenge for us is how to maintain our technological supremacy when a country like Korea is on the rise," says Mr Eguchi.

HOW CAR MANUFACTURING COUNTRIES COMPARE

Units: 000's

	1981	1983	1985	1987*
W. Germany	3,578	3,878	4,037	4,110
France	2,612	2,961	2,617	2,863
UK	955	1,045	975	1,005
Italy	1,257	1,396	1,378	1,426
Belgium	201	251	217	230
US	6,280	7,112	7,680	6,653
Canada	744	969	1,033	975
Japan	6,974	7,152	7,491	8,302
Taiwan	138	157	135	180
South Korea	49	122	236	349
Malaysia	86	100	87	110
Mexico	355	207	305	411

* DRI estimate.

Source: DRI Int. Automotive Services

Men and Matters

Camdessus reflects

Michel Camdessus, ebullient governor of the Bank of France, has plainly acclimatised fully in the past year to life in the gilded surroundings of his Napoleonic headquarters in Paris.

Not least, after the cluttered confines of his previous post in the Finance Ministry, he enjoys the monthly trip to Basle for the Bank for International Settlements' meetings of central bankers. "At Basle," he says, "we talk about the things which interest us most—ourselves."

Central bankers, he explains, have a habit of comparing notes on the degree of independence they are allowed by their respective governments. And Camdessus appears to have found that he is a bit under-privileged.

The Bank of France—traditionally subservient to the Finance Ministry—would benefit from a revision of its statutes, he says. He would be "overjoyed" if the Bank were given responsibility for "guaranteeing" stability of the currency. At present it is simply, and rather vaguely, enjoined to "look after" the franc.

Camdessus, who combines a sparkling wit with weighty declarations on monetary policy, also thinks it would be an improvement if the governor had a fixed term of office of five or six years. Though he is the only governor who has to swear an oath to do his duty to his Bank, the Government can dismiss him at 24-hours notice.

Not that Camdessus need worry unduly. I would have thought; even if, as seems likely, a right wing Government is returned at the general election in March.

The socialists set an important precedent by keeping Camdessus's predecessor, René de la Genière (appointed by Giscard d'Estaing) in post for five years after they gained power.

"I've got to deliver the Prime Minister's New Year resolutions."

Forex Frost

The somewhat alarming recent image of the foreign exchange dealer as a barely post-pubescent octopus, with a telephone in every available hand and a thought pattern like a logarithmic table is belied by the reassuring bulk of Charlie Frost, who retires today as general manager of Lloyds Bank Forex division after more than 33 years of service.

When Frost began his career in the early 1950s, most currency rates around the world were quoted against sterling. The Italian lira and the Swedish krona were among the top five denominations. Since 1967, the dollar has been king, with the D-mark and the yen as attendant princes.

"The atmosphere was more relaxed then," says Frost. "The pressure these days is much more intense. There is no time to think. I do not think many people will do what I have done and go in the business until they are 60. The demands are so much greater."

In retirement, in Addington Village, near Croydon, Frost can look across his garden fence to what may well be the oldest cricket green in England, first laid in 1747. But his own interests lie further afield: battlefields, in fact. He has followed the footsteps of great military campaigners across Europe for years and hopes to visit many more scenes of carnage in the time ahead.

Conversely, he is also interested in the work of St Christopher's hospice, in Sydenham, and hopes in future to help with its administration. As a former chairman of the Forex Association and past member of the Joint Standing Committee of the British Bankers' Association, he may just have the sort of experience that a cash-starved hospice needs.

Latin primer

Whether Graham Greene still considers the South American Handbook "the best guidebook in existence" is not known. The sage of Antibes is rumoured to have had second thoughts recently about his formerly extravagant praise of The Spectator but has so far remained silent on the subject of the Handbook. Chances are he will not have changed his mind. For, curiously, in spite of having had four owners in its 62 years of existence, the volume, in essence, remains much as it has always been. Trade and Travel Publications know when they are on to a good thing.

The editor is John Brooks, a senior economist with Lloyds Bank, but the business brain behind this durable—and profitable—enterprise is Joyce Candy who, although responsible each year for the production of 1m words on 32 countries, has yet to set foot in the New World. "With some of the things we find out about some parts of Latin America," she says, "I'm not sure whether I'd like to go."

Candy receives up to 700 letters a year from the Handbook's many thousands of readers, and she makes a point of answering every one, even when they run to 40 pages. It is from her correspondence that she gleans such basic information that in Belize heavy rains make "roads impassable, bridges unsafe and ferries unmanageable."

For the 1986 edition, 22,500 copies have been produced. One at least is likely to wing its way to the Cote d'Azur.

Pep pills

In a bid to give its 500 employees a bit more zest for work after the season's festivities, the Bristol-based Kleeneze group is supplying them all with Vitamin C and zinc tablets.

David Scott, group managing director, says his directors have acted as guinea pigs, "and although I would not claim they look any younger, they do seem to have a little extra bounce."

The company sells vitamin tablets, but has never prescribed them for its own staff before. Scott says: "It is embarrassing to confess that, until now, we never realised that the answer to our own coughs and colds was right under our noses."

Banking on it

One little boy in Greenwich was puzzled about why his daddy had to go back to work after the holiday. "To earn money so that we can pay the bills," his father told him.

"But why can't you just go to the bank like mummy?"

Observer

How to take a 96% cut in pay — and still be happy

By Clive Wolman

BACK IN May, 30-year-old Soo Pickett was chief floating rate note dealer with the Bank of America and one of the City's top earners.

Top Eurobond dealers like her have been earning around £100,000 to £150,000 a year including bonuses. The bull market in Eurodollar bonds over the past 12 months has been particularly profitable for them. According to Soo's colleagues, she was expected to continue her rise through the bank and the salary scale.

But on the spur of the moment, she quit. She is now training for a job as a nursery school teacher with a starting salary of around £5,000 a year.

"That was the only way to leave, on an impulse," she says now. "I never would have done it if I'd forced myself to think about it overnight. Then I'd have gone back in my company Porsche to my house with a 5 per cent mortgage from the bank, and looked at my wardrobe and all the things I could afford to buy, and decided to stay."

But Soo has no regrets about a career change which means a cut of 96 per cent in her pay. "My adrenalin gland has disappeared," she says. "I no longer blow my car horn in frustration whenever I'm wasting time. I have found out who the milkman is — and my neighbours. I'm actually meeting people with normal jobs in the outside world."

She admits: "It's difficult to get out of that sort of money. The way they usually trap you is by giving you a big mortgage you can't afford to give up. Luckily I steered clear of that."

Soo continues to live in a modest terraced house in the inner London borough of Islington. She has also kept her Porsche although for the first time for years she has started using public transport.

After taking a two-and-a-half year course at the Sorbonne, she first came into the City of London as a translator for a stockbroker. "When I was there, I got a whiff of the dealing room," she says. "You either like it or get strangulated by it. There is always movement, always news, the telephone is always ringing. You have no time for private conversations."

She started her job with the Bank of America as a salesperson of floating rate notes (FRNs), five-and-a-half years ago. The Bank had difficulty in finding an experienced trader of FRNs, so she agreed to take on the job.

Since 1980, the market in dollar-denominated FRNs has mushroomed both in London and abroad. Soo built up a three-person team of market-makers backed by a large number of sales people. She was in charge of trading a "book" of bonds worth well over \$200m, on which winning or losing \$100,000 was all in a day's work. As the market has grown and more players have entered, the bond dealers' safety margin — the spread between the prices at which they buy from, and sell to, investors and other dealers — has been squeezed from 50 cents per \$100 worth of bonds to 10 or even 5 cents.

"Five years ago, we were very naive," she says. "It was less hard work to make money and we did not risk as much. The more competitive and global the market has got, the earlier it has become. I had to be in the office at 7.15 in the morning to speak to the Far East and stay until 7.15 at night.

But even after she had driven home and collapsed into bed at night, her work for the day was often not finished. "I would get phone calls in the middle of the night, two o'clock, four o'clock, sometimes from our salesmen in Singapore, sometimes from our head office in San Francisco. The worst was when I made a mistake in a telex before leaving the office. Then the telephone would keep ringing the whole night."

Despite the competition, she had a close working relationship with the other traders from both Bank of America and competing banks. "We were very predatory," she said. "If someone makes the wrong price, no quarter is given. But it's a very close market. Everyone knows everyone else. No matter how badly we treated each other dealing, we would get together afterwards for a drink."

But there were few occasions when she felt like socialising with outsiders. "You need to sleep and drink bonds," she said. "You have no time to think about anything else. It was very difficult to unwind. When I was invited out for a dinner party, I spent the whole evening thinking of numbers—bond yields and so on—and wondering when I was going to get away. I spent a lot of weekends catching up on sleep and making sure the house was in order."

But if the pressures are great, so are the rewards. High salaries and salary rises are regarded as important not so much because the extra money is needed—although it might be by the Eurobond dealer who believes he will not last beyond 40—but as a way of keeping score.

"Pay rises are an indication of worth and self-esteem," says Soo. "But I could not justify how much I got for what I did from the point of view of social welfare—except that I was a great consumer."

Her salary in fact was modest compared with a few traders who with their bonuses this year have been earning well over £150,000.

She says she was head-hunted twice but declined the offers. "I was one of the very few people who stayed at the Bank of America. Women are always more faithful in this business than men. It is difficult to go through all the hassle of finding yourself in a new trading room and having to reassert yourself with the men. There are very few women traders. Most are on the sales side (of the Eurobond market)."

Soo gives a further explanation for the lack of women in the dealing rooms: "Bond dealers are supposed to be like barrow boys. But I found it difficult to take the criticism or the roughness. If the manager would come in telling us to turn our positions round, I would get offended and tell him to let me do my own job. Women find it difficult to take that."

What do you need to become a bond trader?

"Both a gambling instinct and a bit of intellectual equipment," she says.

"Half the traders do not have degrees — you still find the barrow boys. But since I've been there, the Oxbridge element has come more into the market. There are many young stockbrokers who do not want to wait around to become partners. The average age of FRN traders is about 30."

She adds: "You feel very personal about your FRN book. You know exactly what you have made and lost. Every trader has his open positions engraved on his heart. But it is difficult to know why you get some things right and others wrong."

Was it only because of the pressures of her job that she had decided to quit? "The only thing I really couldn't stand was the internal politics of a big bank — and the pettiness, like wasting hours discussing how much money salesmen would be allocated for each trade. All I wanted to do was straight bond dealing. I liked my team very much but when the management told me to cut my book I would argue.

"In the bond market, people get burnt out and leave. There are very few managerial and administrative jobs. It's amazing how quickly people in the market age."

Had she found any disadvantages to leaving the City? "It's difficult to adjust on the money side, to worry about your bank balance every month. And I miss the prestige of being a banker, a woman banker. I was known by everyone in the FRN fraternity. I liked being one of the few women. But I don't have any regrets about leaving. I think I've become a much nicer person."

As the Channel link decision draws near

The questions that remain

By Alec Cairncross

THE BRITISH and French Governments will shortly have to make up their minds which (if any) of the various schemes for a fixed Channel link they will allow to go ahead. What considerations (other than electoral advantage) should govern their decision?

To some people the answer might seem simple. The purpose of a fixed link is to provide a cheaper or more convenient form of cross-Channel transport, so the scheme that does the job most conveniently or cheaply should be chosen. It is up to the backers of each scheme to satisfy themselves as to the return they can expect on their money in competition with existing facilities and the higher the financial return the greater the scope for providing a better service. The scheme offering the highest return would seem, in the absence of any drawbacks entering into the calculation, to offer the maximum advantage to users of transport services.

This approach at least provides a simple ranking of alternative projects. But it takes account only of the things that enter into the profit and loss account of the promoters. With investments of this magnitude and importance, governments have to take a wider view and look at costs and benefits, risks and returns, that the promoters of the various projects can neglect. What are these wider considerations and how can the government take them into account?

Some of them are capable of quantification and can be tacked on to the promoters' calculations so as to provide an alternative ranking of net benefit. There are others—for example, loss of amenity, danger to shipping, aggravation of localised unemployment — where a precise value is either impossible or reflects an arbitrary judgment that cannot be tested. As a result, these things tend to be noted and passed by or listed as qualifications to a ranking based on measurable factors.

Previous government studies of fixed-link projects are of this description. They begin by forecasting how much traffic will be diverted by some future date from existing modes of transport (ferry and air) to each variety of fixed link. They then compare the "resource costs" (capital and operating) of carrying that traffic by existing modes and by fixed link. The saving in resource costs in future years is then discounted to yield the net present value of the projected fixed link. Allowance is made for the saving in time enjoyed by transport users through the use of the fixed link.

The crucial aspect of these calculations is how they treat the competition offered by existing modes of transport. Once a fixed link is in place, it has the enormous competitive advantage of very low operating costs and can, if it chooses, undercut the ferries. But at the point at which a decision has still to be taken to construct a fixed link, it is the average unit cost, not the respective marginal costs, of the alternate services that should govern the decision. Moreover by the time a fixed link is in operation the ferries may have made substantial cuts in their costs (and these may be appreciably lower than their charges). It is important therefore, that in deciding on a fixed link, the two governments should treat the competition offered by the ferries (and by air transport) on the basis of probable cost at some future date, not the current charge for their services.

One of the questions on which the government will have to make up its mind is whether it wants to keep the ferry services from Dover to Calais in being (eg by regulating charges) or would leave the fixed link free to drive them out. Not that the twin-bore railway tunnel would be likely to have that effect since it would leave lorry and coach traffic largely unaffected and would be unlikely to take away more than a proportion of the car traffic. But the road/rail schemes might have a more substantial impact, initially by reducing the frequency of ferry services. Indeed, the entire capital cost might be difficult to justify if it did not lead to the displacement of the ferries.

Other questions that arise in a comparison of costs and benefits relate to the assumptions made by the promoters about the role of the government itself. Do they assume, for example, some relaxation of customs and immigration procedures? Have the same, or similar, relaxations been assumed for competing modes? What provision have they made for duty-free sales? Is it reasonable to treat such sales (which used to bring in the whole of the profit made by the ferries) as continuing indefinitely? Has petrol been assumed to remain as cheap in comparison with electricity as now?

Similarly, on the cost side, it is necessary to ask what addition should be made for burdens that will fall on the government. What expenditure will be necessary for complementary road and rail services not needed in the absence of a fixed link? What about the danger that construction may be delayed or may hit unforeseen snags? Do the sponsors of the fixed link projects have access to the substantial additional capital they may eventually require? No government wants to be left with half a tunnel or parts of a bridge.

These are all questions that the two governments have presumably asked. Most of them yield quantifiable, if rather speculative, answers and permit of a provisional ranking of the schemes in terms of net present value. Should that ranking be revised to take account of employment and environmental effects? Although it is on these that public attention is concentrated, the answer is, I think, probably not.

It is difficult for the British Government to claim any large effect on employment (leaving aside local difficulties in the Dover area). Additional manpower will certainly be required for construction. But if the Government takes credit for all of that, it will be ascribing a virtue to private investment it denies to public investment. Does crowding out cease at the frontier between public and private sectors?

The environmental effects, except during construction, are easily exaggerated. There are of course those whose attitude to any fixed link is governed by fear of rabies or the loss of insularity, just as there are those who want a bridge as a symbol of the twenty-first century. The environmental damage more commonly feared is the additional traffic pouring through Kent. This presumes that a fixed link will generate a great deal of additional traffic and there will undoubtedly be some. But if fixed link charges are no lower than those of the ferries why should it be very large? The heavy lorries which cause much of the agitation may well continue to come by ferry, especially if they normally come via Ostend. It would, however, be useful if we could be told what net increase in traffic (in excess of trend) is assumed in the various fixed link projects and of what kinds of traffic the increase would be composed.

Finally, the governments will have to ask themselves whether they will come to regret their choice because of developments as yet unforeseen. Will the project of their choice rule out the subsequent construction of a project they could then prefer?

The author was adviser to the Minister of Transport on the Channel Tunnel project 1979-81.

Letters to the Editor

Channel link's red herring

From Mr C. H. Burt

Sir,—Your Channel Project Survey (December 16), while interesting, did not explore the all-important question: does it make sense for Britain to spend several billion pounds on this particular infrastructure?

First, one must dispose of a red herring. One of the major attractions claimed for the Channel fixed link is that it would be financed totally privately. Maybe. But, if government chooses to hand out quasi-monopolistic franchises most infrastructure projects can be "commercialised." For example, if you instal toll booths every 20 miles along the M25 you will create a profitable infrastructure project which bankers will be only too happy to finance.

Unless the charges made by the fixed link operator are to be markedly lower than the ferries, and none of the contestants seems to claim this, it would appear the only advantage of a fixed link is that tourists and other travellers, together with exports and imports, will all arrive at their destinations some 90 minutes more quickly. Does it really make sense to spend billions of pounds for such a meagre benefit?

The only other serious justification given for building a fixed link is it would create employment. This is doubtless true, but if you choose to spend a similar vast sum of money on more carefully chosen and more cost-effective infrastructure you would also create employment.

I would ask the "powers that be" not to think again, but simply to think.

Christopher Burt.
Rue du Bemel 28,
Brussels.

Prepare for the Channel link

From the Chairman, Association of Yorkshire & Humberside Chambers of Commerce.

Sir,—I read with interest the Channel fixed-link supplement (December 16) and in particular the article on the implications for industry and commerce and regional policy and I think that the emphasis of Andrew Taylor's article is a very good indication of the problems that are going to be faced by the traditional industrial areas of this country.

The lines of communication within the UK are going to be focused, not so much on London, but on the tunnel itself and it is therefore important for the Midlands, the North East, the North West and Scotland, that adequate provision of both roads and railways is provided, to enable traffic to get to these regions without the hassle associated with negotiating the London area.

By the time the tunnel is built the M25 will probably be saturated beyond capacity and a new direct motorway (or motorways) will be required, so that the London conurbation can be avoided altogether. The M1 will certainly not be able to cope with the increased volume, even if the M40 is completed through Birmingham by that time.

Much the same can be said about the railway network, particularly if the tunnel is to be rail rather than road.

The Chamber of Commerce movement in Yorkshire is not afraid of the fixed-link, but what we are afraid of is the lack of infrastructure facilities associated with the tunnel which would deny the areas north of London of much of the benefit of the project and allow the already prosperous south east to "scoop the pool," as far as the UK is concerned, with much of our traditional workload diverted to the industrial regions of northern France.

Now is the time to be planning the new networks, not when the Channel project is finished. By that time it will be too late.

M. J. Kent
(Chairman, Downings Steel).
Doncaster Road,
Barnsley, S Yorks.

Circle-squaring schemes

From Sir Alfred Sherman

Sir, — I fear that Samuel Brittan (Lombard, December 16) seems to have regressed twenty years to his old Department of Economic Affairs days. How else can he propose a convoluted scheme which he himself recognises as a variant of the Heath-Robinson Layard scheme (though naturally he regards it as a superior variant) just at a time when the Government is belatedly seeking to reduce regulation? The essence of all these circle-squaring schemes by academics and pundits who have never had to take part in running a business or administering a scheme is that they not only ignore regulation-costs, but lack the theoretical foundations which would make it possible to identify and define criteria for enforcement and would create administrative chaos with room and incentive for bending the rules.

Some firms are already expanding, but might employ yet more workers, others are contracting but could conceivably contract less, or at least stay in business. Can civil servants be expected to judge?

The term "threshold percentage" appears at first sight to be firm enough, but is in fact legerdemain. For how does one define either an employment "threshold" or a pay "threshold" when every branch of industry, every firm, and every part of a firm has its own "threshold." Some are rising, some falling, one firm's "threshold" is another firm's distant horizon.

The fact is that successive government policies, including those with which Mr Brittan was associated in his DEA days — which I do not hold up as a reproach, but only as a focus for reflection — simultaneously mooted the expansion of employment and the encouragement of investment by various measures including fiscal ones.

Investment by its nature tends to substitute capital for labour, yet also plays its part in expanding economic activity and employment. There is no way in which the two complementary yet diametrically opposed activities can be distinguished at the firm level, any more than we can state whether light is wave or particle, or whether genetic or cultural hereditary is the determinant in the individual case.

One firm may introduce new machinery and cut its labour force — where trade unions permit — yet the alternative could easily mean closing down, and in any case the machinery, if manufactured domestically, could be said to have created employment. On the other hand, a completely new investment may pay its way by cutting into the market share and driving out of business, or at least reducing employment in firms which are less capital intensive. We have no way of weighing such things up and balancing them.

The result of activism which has far outgrown our capacity to identify, define, measure and administer has resulted in countervailing incentives: for investment, much of which is bound to be labour-saving, hence employment-destroying, and for employment creation.

I am sorry that Samuel Brittan, of all people, should find himself acting as barker for this competition in contradiction. But this is an inevitable stage in economists' hubris, which sets in once one loses sight of the limitations of economic theory, and leaves the path of economic and fiscal neutrality, lured by the will-o'-the-wisp or "short-term" expedients which invariably turn out to be inexpedient and impossible to dismantle once they create economic and administrative vested interests of their own.

Sir Alfred Sherman,
10 Gerald Road SW1.

Little time for shareholders

From Mr A. R. Dring.

Sir,—I have today (December 27) received a document from Lasmo, dated December 20 and presumably posted the same day. This requires proxy forms to be received in Edinburgh by 10 am on January 4, 1986.

I have no doubt that, technically, all legal and Stock Exchange requirements have been met. However, I wonder if morally the company has so good a case in view of the Christmas and New Year break, with the consequent postal delays and difficulties in seeking professional advice.

In this instance, I had four working days as the document arrived late in the afternoon. Surely at this period of the year at least an extra week should be given to allow shareholders enough time to deal with such matters.

E. R. Dring,
42 The Avenue, Tadworth, Surrey.

Learning from University

From Mr P. Baddeley

Sir,—The article by Anthony Kenny and the letter from R. Garrett (December 18) should be read together. Oxford provided me with four of my best years and also with my wife.

It took ten years however to break the mould before we started our own business. I know that Oxford has been generously funded by business (one day we hope to be benefactors!) but contact with industry is hardly encouraged at the junior level let alone around the candlelight tables of the SCR. Now a decisive civil servant seeks to make change.

Surely the heritage of Oxford should not be changed. But it must go out and see the real world where most taxpayers strive.

One day we may even have an industrialist heading a college — sadly not this one. He left with a third and has had a job selling. He now works for his wife (second class). Well, at least we learnt something from Oxford!

Philip S. Baddeley,
Dale's Brewery,
Gwydir Street,
Cambridge

FINANCIAL TIMES
Tuesday December 31 1985

Hussein and Assad seek to improve relations

By Tony Walker in Amman

KING HUSSEIN of Jordan met President Hafez al-Assad of Syria in Damascus yesterday for crucial discussions aimed at repairing the serious rift in relations which has lasted for six years.

It is King Hussein's first visit to Damascus for a decade and underlines the importance he attaches to easing the tensions caused by their sharply differing approach to the issue of Middle East peace.

Syria has bitterly opposed Jordanian willingness to co-operate with the US in peace negotiations with Israel. President Assad, who has a treaty of friendship and co-operation with the Soviet Union, has also ridiculed King Hussein's attempt to draw Mr Yassir Arafat, the chairman of the Palestine Liberation Organisation (PLO), into the process.

Syria insists that it will never deal with Mr Arafat again and is attempting to establish a rival PLO.

Syria has also supported Iran in the Gulf war, while King Hussein has from the outset backed the Iraqi regime.

In Amman, the Jordanian capital, the thaw in relations has been warmly welcomed. There has been alarm at Syria's capacity for harming Jordanian interests. Pro-Syrian Palestinians have been blamed for a series of attacks on Jordanian diplomats in European capitals.

King Hussein's decision to speed reconciliation efforts with Syria is attributed in part to disillusionment with Mr Arafat, who appears unwilling to accommodate Jordanian demands that he publicly declare acceptance of United Nations Security Council Resolution 242, which implies recognition of Israel as an important step towards reviving the peace process.

The Jordanian-Syrian rapprochement increases the pressure on Mr Arafat. Relations between the PLO chairman and President Assad remain very hostile despite recent third-party attempts at reconciliation.

The Damascus summit follows a decision taken at a meeting of Arab heads of state in Casablanca earlier this year to establish reconciliation committees to resolve inter-Arab differences.

There were four meetings between Jordan's Prime Minister, Mr Zaid al Rifai, and his Syrian counterpart, Mr Abdul Raouf al Qasm, in preparation for the meeting between the King and President Assad.

A key element of an agreement between the two prime ministers that opened the way for the Damascus summit was that neither side would seek a "partial" settlement of the Middle East dispute.

This was effectively a Jordanian undertaking that it would not enter into separate negotiations with Isreal – a course that the US and the Israelis have been urging.

Gemayel to visit Damascus, Page 2; Editorial comment, Page 10

London sends another 550 troops into Ulster

BY HUGH CARNEGY IN DUBLIN

AN EXTRA 550 soldiers are being drafted into Northern Ireland, the British Army said yesterday. They will go to rural and border areas of the province.

A battalion from the Royal Anglian Regiment will be deployed early in the new year in the counties of Fermanagh, Londonderry, Tyrone and Armagh, where Royal Ulster Constabulary stations have been hit in seven recent IRA attacks.

An army statement said the extra men were being brought in at the request of Sir John Hermon, RUC Chief Constable, and Lt-Gen Sir Robert Pascoe, the Army Commander in Northern Ireland. The troops' duties will include "safeguarding of the rebuilding of police stations damaged by terrorists."

It is the first time extra soldiers have been called into Northern Ireland since the Republican death fasts of 1981, and it illustrates the heightening tension in the province since the signing of the Anglo-Irish agreement on November 15. It will raise the total of regular army troops in Ulster to around 9,500.

The IRA attacks, in which two RUC men were killed and a number of RUC stations badly damaged, have caused particular problems because IRA threats to kill any builders working for the security forces have halted work on new police and army contracts and reconstruction of damaged buildings.

The army said the extra soldiers would do no building work; but some army engineers may have to do most of it.

Unionists bitterly opposed to the Anglo-Irish accord have complained that the recent IRA attacks illustrated the inadequacy of border security. Mr Frank Miller, General Secretary of the Official Unionist Party, said yesterday's announcement showed the invalidity of government claims that the Anglo-Irish agreement would lead to a decrease in terrorism.

Mr Tom King, the Northern Ireland Secretary, yesterday brushed aside the claims. Speaking on BBC radio, he said the move confirmed his stated determination to take every step to protect and support the RUC.

Earlier, on the same programme, Mr James Molyneaux, the Official Ulster Unionist leader, who will be fighting a by-election to defend his Lagan Valley constituency, said his reaction to the news was one of surprise.

Margaret Van Hattem in London adds: Irish proposals for changes in the "supergrass" (defendant turned informer) trial system appear to have been flatly rejected by the British Government during a special meeting of the Anglo-Irish intergovernmental conference in London yesterday.

The 2½-hour meeting between Mr Peter Barry, Irish Foreign Minister, and Mr King, was hurriedly convened after Christmas at Mr Barry's request.

In a joint statement after the meeting, the two ministers deplored as "wrong and wasteful" the hunger strike at the Maze Prison in Northern Ireland by prisoners recently convicted on the evidence of the supergrass Harry Kirkpatrick.

Mr Barry, the statement added, advanced "views and proposals" aimed at improving public confidence in the administration of justice, while Mr King explained to him "the facts in relation to the Maze hunger strike and the rights of appeal available to prisoners."

Neither government would give details last night of the Irish proposals. However, they are believed to have been designed at least to limit, if not to end, the admissibility in court of supergrass evidence.

The Dublin Government is understood to be extremely concerned over the use of uncorroborated supergrass evidence in non-jury trials, and to fear that it is not being phased out as Dublin ministers had been led to believe. Their concern has been heightened by the hunger strike

Carbide wins key victory to fend off GAF

By Paul Taylor in New York

UNION CARBIDE, the US chemicals group, yesterday won a key victory in its battle to fend off GAF's revised $5.1bn hostile takeover bid, when a federal judge in New York upheld Union Carbide's anti-takeover plans, including a proposed $2bn share buy-back scheme, as "reasonable and fair."

In a strongly worded ruling, which could also have far-reaching implications for other hostile takeover bids and poison pill defences, US district judge Milton Pollack dismissed GAF's claims that the anti-takeover defences are designed to entrench Union Carbide's current management.

The decision appears to be a serious setback for GAF, which only last week lifted its all-cash bid by $6 a share to $74 a share.

While Union Carbide welcomed the judge's decision as "gratifying", GAF said it believed the ruling was "erroneous" and added that it will appeal. In the immediate wake of the ruling GAF's shares fell by $4½ to $63⅜, while Union Carbide's shares slipped back by 50 cents to $71⅛.

If the ruling stands it could give a sharp boost to corporations which have been under seige from would-be suitors during the recent takeover wave.

As part of its poison pill defensive moves, Union Carbide has proposed buying back 35 per cent of its stock for a package of cash and notes valued at $85 a share. Under a second stage Union Carbide said that if GAF, which currently holds about a 10 per cent stake in Union Carbide, increases its stake to more than 30 per cent, it would offer to repurchase the remaining 35 per cent of its shares at the same terms – while excluding GAF from the offer.

Judge Pollack said yesterday that the steps taken by Union Carbide's directors were not only reasonable and fair but added that the directors "owed no duty to GAF as a tender offeror to facilitate an unfair takeover bid by making the company's assets available to finance it."

In his written ruling the judge wrote: "The action of the Carbide board to foster the future intact existence of Carbide represents a reasonable view on the part of the board of what is best for shareholders."

As a result, Judge Pollack refused to issue the preliminary injunction GAF had sought to block the share buy-back plan; stop Union Carbide distributing surplus pension fund assets to employees and retired people and from implementing new bylaws which make a change in control at Union Carbide more difficult.

GAF had hoped to capture as much as $800m in suplus Union Carbide pension fund assets to help finance its buyout bid and raise further funds by selling off Carbideassets after a takeover.

In the immediate wake of the judge's ruling yesterday, Union Carbide said it had recovered $500m in surplus pension funds together with $9m in interest. The move was orginally proposed as part of the group's major restructuring plans, which were first unveiled in August. They also include lay-offs and the sale of some business units.

GAF had argued in court that Union Carbide's management had structured its defences to the detriment of its shareholders and that the board had therefore breached its fiduciary duty.

However, Judge Pollack disagreed. He wrote "a corporation with a perceived threat of dismemberment of large divisions of the enterprise employing thousands of employees owes substantial regard for their pension benefits, and in the case of loyal management, severance benefits.

"These legitimate concerns need not be left to the goodwill of an unfriendly acquirer of corporate control in the jungle warfare involving attempted takeover".

THE LEX COLUMN

First bite at the Biscuit

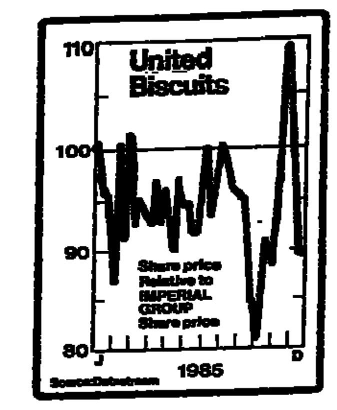
Both the currency and stock markets were at least consistent yesterday; everybody wanted to sell the dollar and to buy UK shares. The excuses were an injection of liquidity by the Federal Reserve and yet more bid speculation in London equities. But anyone looking for a guide to 1986 should wait; institutions have already tidied up their books for the year-end so volume in both markets is still far too low for spotting trends.

Imperial/UB

Yesterday's merger documents from Imperial Group and United Biscuits are curiously reticent affairs, given the existence of a bid for Imps from Hanson Trust and the well-grounded fears among Imps shareholders of earnings dilution should the merger proposals become fact. Not only will Imps shareholders have a full two months to mull over yesterday's information – and a week longer than Hanson has to make a final offer – before voting on the proposals; but the suggested cost savings that are to make up for the dilution are given as a mere £30m, which is paltry given the size of the combined businesses. The profit estimates for the year just ended, at £235m for Imps and £100m for United, were so close to analysts' estimates as to be entirely workaday.

Of course, the Hanson offer, at 235p, is trailing well behind yesterday's Imps' price in the market of 257p, down 1p; and no doubt the boards of Imps and United are as persuaded of the possibility of an increased Hanson offer as the market, and are holding ammunition in store. Equally, if £30m in savings is all that the auditors will let through at this stage, it is probably only a fraction of what is available from the combination of the frozen food and snack businesses; but further chat on this point would not particularly help the merger's case before the Office of Fair Trading, after all those harsh words from the Monopolies and Mergers Commission in the Nabisco/Huntley & Palmers investigation. And there is no point in revealing too much for Lord Hanson to study over the new year.

However, that is only part of the story. In trying to put across its vision of an international packaged goods group of strength and diversity, Imps is hampered by a number of weaknesses in its own position.



The key to the problem is that there will be just too much Imps paper around that nobody much wants; and the greater the sweetening for United shareholders, the greater the resistance at home. On a pro-forma basis, Imps shareholders face earnings dilution of up to 15 per cent; and even the higher rating for the preponderance of non-tobacco interests in the combined group, or any delayed benefit from United's equity issues last year, are unlikely even to justify Imps' current market price in the absence of a bid. The argument that the merger will eventually result in a management skewed towards United is, of course, not one that Imps board would use.

Should Hanson return with an improved offer, on Friday or later, Imps could well have to consider an alteration in the merger terms to satisfy its shareholders. A straight equity swap – as opposed to the present five-for-four – would require some additional temptation for United shareholders; but pro-forma net gearing of 20 per cent, as well as being modest for the ambitions of any merged group, leaves a great deal of room for sweetening. And this may be one reason why no pro-forma balance sheet was published yesterday.

Argyll/Distillers

In the increasingly bitter bid battle between Argyll Group and Distillers, shareholders of both companies have been so bombarded with statistics on volumes and market shares that they probably feel like a stiff drink themselves. Yesterday's defence document from Distillers and the riposte by Argyll make equally confusing reading. Shareholders might wonder, for instance, what the true performance of Distillers' home trade has been. According to the defender, it has "got it right at home" and the division has "shown remarkable progress." Argyll claims it is "still a distaster." The truth, as with the other claims and counterclaims, is probably somewhere in between.

Argyll may rightly point to past management weakness; none the less the new team has improved the company's performance (albeit slowly) over the last two years. Distillers may be right to claim that Argyll's own drinks business is not a great success; but that is precisely why Argyll wants Distillers, since owning just three distilleries as Argyll does is no way to win market share in the spirits industry.

Both companies are holding back salvoes for the next round. Distillers has not yet produced a profit forecast for the current year, and may find it hard to do so until it has a better indication of Christmas sales. Argyll still has room to sweeten its terms slightly since it has not yet reached either its borrowing or share issuance limits. A prospective multiple of around 12 on the share offer does not seem lavish for a company with the international brand names of Distillers, whatever its management record; and shareholders have no clear evidence to suggest that Argyll can manage a company of Distillers' size all that much better.

Perhaps because it contained few surprises, the market greeted Distillers' document with indifference. Argyll, though, was marked up 8p to 343p, putting Distillers shares, at 498p, almost plum in the middle of the cash and the paper offers.

HK Land

Yesterday's dismal reception for Hongkong Land's HK$750m floating-rate note issue probably says more about the misjudgment of Bank of America than any change in attitudes to the property company itself. To stage an issue at this time of the year, so soon after most of the Sime Darby Hong Kong flotation was left with the underwriters, was perhaps as careless as the pricing of only three sixteenths over the cost of funds in Hong Kong. And perhaps it was not very surprising that only 30 per cent of the Land issue got away.

Uhde competes to win Soviet contract for polyester plant

BY PETER BRUCE IN BONN AND OUR FOREIGN STAFF IN LONDON

UHDE, a leading West German process plant contractor, has emerged as an important competitor against British and Japanese bids to build a multi-billion dollar polyester complex in the Soviet Union.

Officials at Uhde, a subsidiary of the Hoechst chemicals group, said yesterday that the company had applied for export finance. Economics Ministry officials in Bonn hinted that the company would have few problems in winning such backing to help it win the contract. No decision could be taken, however, until details of the Soviet requirements became clearer.

The proposed deal has been under discussion for more than a year, and Davy McKee is understood to be taking a lead among British companies in bidding for the main elements of the contract. Other British companes involved are ICI and John Brown. The main Japanese bidder is Kobe Steel.

Soviet authorities first signalled their interest in letting a turnkey contract to Western interests more than a year ago. At that time the deal was understood to be worth more than $1.2bn but corporate officials in Britain yesterday indicated that it was now probably worth much more than that.

Should Uhde win the contract, it would mark the first time the group, turnover of which last year rose DM 270m to DM 1.05bn, has handled a turnkey contract in the Soviet Union.

Moscow has, however, long been an important customer for Uhde. The Soviet Union ordered a 70,000 tonnes-per-year polyester filament plant from Uhde in 1978. It followed that up in late 1980 with a DM 400m contract to build a similar, though smaller, plant at Svetlogorsk, near Minsk, and then ordered a third polyester plant, worth DM 600m, destined for Mogilev, 500 km west of Moscow, in 1982. This last contract, Uhde's fifth overall for the Soviet polyester industry, was financed by the Westdeutsche Landesbank.

It is not yet clear which German banks would be involved in financing the proposed new contract. Mr Friedel Neuber, chairman of the West LB, travelled to Moscow three months ago with the premier of North Rhine Westphalia, Mr Johannes Rau, and it is assumed the project was discussed then. Mr Franz Langehenke, chief executive of Uhde, was also in the Rau party, along with senior executives from Mannesmann Demag, Deutsche Babcock and Ferrostahl.

Last month, the joint head of Deutsche Bank, Dr F. Wilhelm Christians, also visited Moscow and is believed to have discussed a variety of projects, worth up to DM 188bn, which are expected to be put to tender in the first few months of the next Soviet five-year-plan, which officially begins tomorrow.

Uhde has also completed contracts in the Soviet aluminium industry. In May 1982, it won a DM 60m contract covering supply, engineering, construction and commissioning of an aluminium strip coating plant at Kuibyshev, adding a fourth coating line to the three it had already built there.

Last year, it won a DM 100m contract to add a coating line to the aluminium complex in Dimitrow, 70km north-east of Moscow.

Moscow-E. Germany trade pact, Page 3

Air passengers at record 892m

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT, IN LONDON

THE WORLD'S airlines carried a record 892m passengers on scheduled services, both international and domestic, during 1985, a 6 per cent rise over the 1984 total of 841m.

That growth occurred in a year when airliner accidents claimed the lives of over 2,000 passengers and crew, and in which terrorist attacks on civil aviation, including hijackings and shootings at airports, increased.

Estimates by the International Civil Aviation Organisation (ICAO), the aviation agency of the United Nations, covering its 156 member states, do not include non-scheduled or charter passengers (for which statistics are not collected), but it is believed that if all such travellers are included, the overall total of world air passengers for 1985 is well over 1bn.

The ICAO figures show that not only did more passengers fly, but also that many of them flew longer distances. The total of passenger-kilometres flown on scheduled services increased by 8 per cent to 1,373bn.

For the coming year, it is expected that overall growth of world air travel will continue at about 4-5 per cent, although the rate will vary widely in different parts of the world.

Air traffic in south-east Asia, for example, is now expanding strongly. The area is rivalling the Middle East as the world's fastest growing region in air transport terms.

The ICAO estimates also show that, while cargo traffic remained strong, it was slightly lower than in 1984, at 13.2m tonnes, reflecting continuing economic difficulties in some parts of the world.

Although the figures show that air travel remains buoyant despite terrorism and the spate of accidents in 1985, the ICAO does not disguise its concern at the growth of such events.

As a result of a six-month study of its own recommended standards and procedures for aviation security, after last summer's hijackings (especially that of the TWA airliner from Athens) it has now produced a series of more stringent security measures for adoption by the world's airlines.

Those do not take account of last week's terrorist attacks in the terminals of Rome and Vienna airports, which are the subject of a new and more urgent review, reflecting the changing nature of terrorist attacks on civil aviation.

The measures currently urged by the ICAO cover prevention of attacks aboard aircraft and are designed to prevent terrorists or other unauthorised personnel gaining access to aircraft either through check-in or by infiltration while aircraft are on the ground.

They include rejecting baggage that is not accompanied by passengers on specific flights; tighter security controls over passengers transferring from one flight to another; and stricter surveillance of aircraft on the ground.

Many of those measures have already been implemented by airlines and governments.

But the ICAO is concerned that some of its 156 member states have shown little inclination to act on the recommendations, and it is stepping up its efforts to ensure that all member governments adhere to its proposals.

Pakistan ends martial law after 8 years

Continued from Page 1

Democracy, said that many of Gen Zia's dictatorial powers had already been enshrined in the constitution, including diminished rights of politicians, the press and the courts. His claim to rule under the 1984 referendum had been rejected by the people, Mr Chaudry said.

Air Marshal Nur Khan, retired Commander in Chief of the Pakistan Air Force and now a prominent leader of the independent group in the National Assembly, said: "It is a good beginning, but much will depend on how the Junejo Government conducts itself." If the Government really respected democratic principles and political freedom was allowed, the forces outside the National Assembly would be disarmed, he said.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	R	14	57	Dubrovnik	R	14	57	Malaga	S	14	57	Salzburg	S	0	32
Akrotiri	C	17	63	Faro	F	8	46	Malta	S	19	66	Seoul	Sn	1	34
Algiers	C	17	63	Florence	D	13	55	Manila	–	—	—	Singapore	F	30	86
Amsterdam	Fg	-4	25	Frankfurt	F	0	32	Miami	C	26	79	Stockholm	S	-12	10
Athens	S	17	63	Funchal	R	16	61	Milan	R	5	41	Strasbourg	C	-2	28
Bahrain	C	18	64	Geneva	C	-1	30	Moscow	SL	1	34	Sydney	F	28	82
Bangkok	S	32	90	Gibraltar	S	13	55	Munich	—	—	—	Taipei	C	25	77
Barcelona	F	7	45	Guernsey	C	5	41	Nairobi	F	25	77	Tangier	F	13	55
Beirut	S	19	66	Helsinki	C	-11	12	Naples	C	15	59	Tehran	–	—	—
Belgrade	Sn	2	36	H. Kong	R	21	70	New Delhi	S	20	68	Tel Aviv	S	20	68
Berlin	S	-2	28	Innsbruck	F	-2	28	New York	C	6	43	Tenerife	F	18	64
Biarritz	S	2	36	Inverness	–	—	—	Nice	C	13	55	Tokyo	C	18	64
Blackpool	Sn	-1	30	Istanbul	S	15	59	Oporto	S	7	45	Toronto	Sn	-4	25
Bordeaux	S	1	34	Jersey	C	5	41	Oslo	Sn	-15	5	Tunis	S	20	68
Brussels	C	-1	30	Jo'burg	S	28	82	Paris	S	1	34	Valencia	R	9	48
Budapest	F	0	32	Las Palmas	F	19	66	Prague	S	-4	25	Venice	R	3	37
B. Aires	C	31	88	Lima	S	22	72	Reykjavik	Sn	1	34	Vienna	F	-1	30
Cairo	C	21	70	Lisbon	S	9	48	Rio de J'o	C	32	90	Warsaw	S	-6	21
Cape Town	C	21	70	Locarno	C	5	41	Rome	R	14	57	Zurich	F	-3	27
Caracas	C	27	81	London	S	1	34								
Casablanca	T	10	50	Los Angeles	C	24	75								
Copenhagen	C	-1	30	Luxembourg	S	-3	27								
Corfu	C	17	63	Madrid	SL	2	36								
Dublin	C	6	43	Majorca	C	10	50								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Thatcher help sought

Continued from Page 1

to shareholders "in a readily understandable form." He said that the Europeans had made five proposals in the past few weeks.

Sir John said that he could not yet comment on the European offer, but he intended to write to shareholders "with the board's overall appraisal" in good time before the planned extraordinary general meeting on January 14.

Westland has already written to shareholders asking to approve the recommended offer by Sikorsky and Fiat, a move much criticised by Mr David Horne, managing director of Lloyds Merchant Bank which is advising British Aerospace, GEC, Messerschmitt-Bölkow-Blohm of West Germany, Aérospatiale of France and Agusta of Italy.

Yesterday Mr Horne said that he failed to understand why the Westland board had not come out with a recommendation of the European offer which was superior in financial terms and on the guaranteed sub-contracting work. Last Friday, the consortium agreed to guarantee 1.5m man hours work spread over three years between 1987 and 1989 compared with the Sikorsky/Fiat proposal of 1m man hours over the same period.

Mrs Mandela faces charge after arrest

Continued from Page 1

The Government is also worried about losing right-wing support over its supposed soft line on black rights and could well decide that firm action against Mrs Mandela is needed to retain domestic support

● Two unnamed people, one an Indian doctor, were held yesterday by police investigating a bomb explosion that killed five people in the Natal coastal resort of Amanzimtoti on December 23. The police would not disclose if the doctor was being held in connection with the explosion.

SECTION II – COMPANIES AND MARKETS

FINANCIAL TIMES

Tuesday December 31 1985

VW hoping to settle Seat deal within weeks

BY JOHN DAVIES IN FRANKFURT

VOLKSWAGEN, the West German motor vehicle manufacturer, is hoping to settle the remaining issues during the next few weeks in its negotiations about taking a majority stake in Seat, the Spanish car maker.

An important hurdle was overcome last week, with the Spanish Government's agreement to cover the Pta 185bn ($1.2bn) needed to put Seat on a sound financial footing. The Government will assume Pta 167.6bn of debt on behalf of INI, the state holding group which controls Seat, and a further Pta 17.6bn will be added to Seat's liquid funds.

VW, which already produces cars in Spain in co-operation with Seat, has been anxious to see the debt burden lifted from the Spanish company as an important condition for a takeover.

VW signed a memorandum of understanding with INI earlier this month, paving the way for the debt accord. Plans for Seat now include a 75 per cent increase in production in the next four years and heavy investment to update manufacturing plant and to develop new models.

Other questions are still unsettled, although VW has declined to spell them out publicly. Executives believe they could be resolved in the coming weeks.

The VW supervisory board, which represents shareholders and workers, is due to meet on February 27, and it is possible that the Seat takeover will figure on the agenda for this meeting.

VW is interested in acquiring at least 51 per cent of Seat, but it is not clear whether it might take a bigger stake at some stage.

Co-operation with Seat has already helped VW to increase its market share in Spain to 8.5 per cent compared with less than 1 per cent, five years ago. In addition to Seat's own car, about 94,000 VW models rolled off the Spanish company's assembly lines this year.

US group warns after Peru move

By Paul Taylor in New York

HNG/INTERNORTH, the US energy group formed through the $2.26bn merger of InterNorth and Houston Natural Gas earlier this year, yesterday warned of "a significant year-end write-off" as a result of the Peruvian Government's weekend nationalisation of its Belco Petroleum subsidiary.

Belco, which has a book value of about $400m, has operated off the north-west coast of Peru for more than 25 years and produces about 29,000 barrels of oil a day, about 15 per cent of Peru's total output. The unit reported net operating profits of $57m and net income before capital costs of $29m in the first eight months this year before its existing operating contract was cancelled in late August.

HNG/InterNorth, based in Omaha, Nebraska, said yesterday that the precise financial impact of the nationalisation, which was ordered by Peru's President Alan Garcia after the company failed to reach agreement on the terms of a new operating contract, remains uncertain. However the company added that it intends "to pursue vigorously all avenues to achieve adequate and effective compensation." Based on compensation hopes, the company said it does not expect the Peruvian action ultimately to have "a material adverse effect" on the group.

The group noted that the Peruvian Government has already indicated a willingness to negotiate compensation terms. However the Peruvian Government is expected to withhold about $50m in disputed tax payments from any final settlement.

The contract dispute, which also affected other foreign-owned oil groups operating in Peru, revolved around tax issues and Peru's insistence that US oil groups invest more in local exploration.

Occidental Petroleum, the Los Angeles-based oil group, whose Peruvian operations were also threatened with nationalisation, has already agreed to a new contract which calls for higher tax rates and exploration expenditure but which gives the group access to a 2.5m acre tract in Peru's southern jungle region. Occidental has been producing about 85,000 barrels of oil a day in Peru.

Alexander Nicoll looks at the latest BIS figures

Moscow steps up borrowings

A SHARP increase in foreign borrowing by the Soviet Union during the first half of 1985 was accompanied by a marked shortening in the maturity profile of its debt, according to figures published today by the Bank for International Settlements (BIS).

The Soviet Union has met a strong market response with a series of medium-term borrowings in various currencies during 1985. Its stepped-up programme has been seen by bankers as a response to falling oil exports and heavy grain imports.

The BIS, in its half-yearly survey of the maturity structure of international lending, says Soviet debts to banks in the industrialised West rose from $15.8bn at the end of 1984 to $18.1bn by the end of June 1985.

Of the $2.3bn increase in banks' claims, however, $1.6bn falls due within one year. Short-term debts thus rose from 41.7 per cent of the Soviet total to 45.1 per cent, with the share of borrowings identified as being for two years or more dropping from 34.3 per cent to 32.4 per cent.

The Soviets also showed a $500m increase in undisbursed credits to $2.4bn, and appeared to have drawn down deposits with the banks by nearly $2bn, the BIS said.

Overall, the maturity profile of bank lending to borrowers outside the BIS reporting area shortened after lengthening during the previous two years as the result of large debt reschedulings. Banks' claims of less than one year rose from 41.6 per cent at end-1984 to 42.2 per cent at mid-1985, and those of over two years fell from 41.2 per cent to 40.4 per cent.

Latin America, which had lengthened its maturity profile through reschedulings, showed renewed emphasis on short-term bank borrowing.

Brazil, the biggest debtor, had a $1.4bn increase in debts of up to one year, a $600m increase in one to two year borrowings, and a $1.2bn contraction in those with two years or more still to run. Brazil's total debts to banks were $66.6bn.

The Philippines also displayed greater dependence on short-term borrowing although its total was virtually unchanged at $12.7bn. Borrowings with less than a year to maturity rose from 53.1 per cent of the total to 58.2 per cent, and those of more than two years fell from 36.6 per cent to 32.8 per cent.

Argentina, Norway and Turkey also showed a greater reliance on short-term borrowings.

The BIS figures underlined the heavy emphasis on short-term borrowings within South Africa's debt, with 65.9 per cent of the $17.2bn bank debt total falling due within a year – although this was down from 67.5 per cent six months previously.

National Medical flat income

By Paul Taylor in New York

NATIONAL Medical Enterprises (NME), the second largest US health care services group, yesterday reported sharply higher fiscal second-quarter operating revenues but flat net income, mainly because of lower earnings from its acute and primary health care group.

The Los Angeles-based group said operating revenues increased by 18 per cent to $864.4m in the quarter ending November 30 from $729.5m in the year ago period, spurred by a 31 per cent increase in the company's psychiatric and drug abuse operations and a 34 per cent gain in its health products division.

However, net income remained flat at $39.93m, or 48 cents a share fully diluted, compared with $38m or 49 cents a share in the year-ago period. NME noted that, while its acute and primary health care group posted a 14 per cent increase in operating revenues, operating profits fell by 7 per cent.

Mr Richard Eamer, NME's chairman and chief executive, blamed the flat profits on a continued weakness in acute care hospital patient numbers and the admittance of more severely ill Medicare patients without compensating revenues under the Government's current diagnosis-related group reimbursment system.

Toyota plans $40m investment in Taiwan

BY BOB KING IN TAIPEI

TOYOTA MOTORS of Japan plans to spend more than $40m on facilities to manufacture small trucks, cars and vehicle parts in Taiwan.

The company has already filed an investment application with the Economics Ministry for the project. The application should receive approval next month. Last year Toyota withdrew from a controversial joint venture to produce compact cars in Taiwan because of a dispute with the Taiwan Government over local-content rates and export ratios.

Under the latest plan, Toyota will invest $11m in Kuo Jui Motor Company, a local truck maker, to produce up to 60,000 vehicles a year. That investment will give Toyota a 22 per cent stake in the venture. A second joint venture, also with Kuo Jui, in which Toyota will invest around $30m, will produce motor parts, mostly for export to the US and Japan.

It is not clear how large a portion of vehicle production will be sold abroad. Under a newly revised plan to develop the Taiwanese motor industry, Toyota must earmark at least 11 per cent of production for export, though up to half of that 11 per cent could be components.

Taiwan Government insistence on an export ratio of at least 50 per cent formed the major obstacle to Toyota's previous plan to build vehicles here. While lowering the percentage required to be exported, Taiwan has also lowered its required local content rate from 90 to 70 per cent by value.

● Foreign investment approvals this year are expected to exceed $600m, the highest ever recorded, according to Mr John Ni, deputy director of Taiwan's Investment Commission.

Germany unveils heavy calendar

BY ALEXANDER NICOLL IN LONDON

THE EUROBOND market showed scattered signs yesterday of awakening from post-Christmas torpor. Two new issues were launched, while the West German market had a preview of the new year with the publication of a fairly heavy January calendar.

Canadian Pacific, the transport and communications holding company, made a Y10bn issue led by Yamaichi International (Europe) with terms that caused no surprise. The 10-year bullet has a coupon of 6¾ per cent and a pricing of 101, and was quoted within its fees.

The Euro-Norwegian krone market saw its first issue since November, with the launch of a NKr200m 10-year bond for the City of Oslo. Led by Union Bank of Norway, the issue has a 10 per cent coupon and the price is to be set on January 8.

There were no new dollar issues, but IBJ International has been mandated for a $200m issue for Ferrovie dello Stato, the Italian railway system, to be launched next week. In the secondary market, dollar issues showed marginal gains, aided by a weaker rise than expected in US November leading indicators.

The DM 5.65bn calendar, comprising 23 Eurobond issues, announced by the Bundesbank for January, seems likely to provide another severe test of investors' capacity for floating-rate notes.

Eight straight issues are planned, totalling DM 1.58bn, and are expected to be easily absorbed. But the reception of eight new FRNs, totalling DM 3.1bn, is expected to depend heavily on the quality of the issuing names and on whether the issues have interest-rate caps.

The FRN market, opened last May, has still to develop significant depth in Germany. Much of the placing and trading power is in London. It reached a volume peak in November of nine issues totalling DM 3.5bn, but weakened in December after plans for eight more issues were disclosed.

In the event, only five issues worth DM 1bn have been made, but investors' appetite has been stretched by the fact that almost all recent issues have been capped. Investors generally have limited space for capped issues in their portfolios.

The January FRNs are expected to include several sovereign borrowers. In addition to the 16 straight and FRN issues, the calendar includes three equity-linked bonds worth DM 650m, one DM 100m dual-currency issue and three zero-coupon issues raising a total of DM 225m – although the nominal issue amounts for the latter category would be much higher.

In Switzerland, the Air Canada SFr 300m 6¼ per cent perpetual issue had a successful start to trading, opening at 106½ against a par issue price and closing at 105. Other prices were mixed in quiet trading.

● Prudential-Bache Securities has continued a series of hirings with the appointment of Mr Takao Nakajima, of Citicorp Investment Bank in London, as a managing director of Prudential Bache Securities International to set up a corporate finance and swaps operation in Tokyo. Mr Christopher Pearce is joining Prudential Global Funding, the company's swaps arm, from Credit Suisse First Boston.

Mining group to take charge

By Kenneth Marston, Mining Editor

NEWMONT MINING, the US natural resource major in which London's Consolidated Gold Fields has a stake of 26 per cent, is to write down its mining assets by $55.6m.

The after-tax charge will be made against 1985 earnings and will result in a loss for both the fourth quarter and the full year but, it is stated, the proposed mine closures and write-offs should leave 1986 net income and cash flow "modestly improved." For the nine months to September 30 the company earned $27.4m.

The writing-down applies mostly to the copper interests. It includes $21.8m against the net book value and costs of the permanent closure of the Superior copper mine in Arizona, which is owned by Newmont's Magma Copper subsidiary.

A charge of $5.1m reflects the writedown by the 34.1 per cent-owned Sherritt Gordon Mines of its Ruttan copper mine in Manitoba; a further $18.8m is provided against the value of Newmont's 40.2 per cent holding in O'okiep Copper, the South African producer.

Concern over Norsk Hydro French move

CONCERN IS mounting in Norway about apparent reluctance of the French Government to approve Norsk Hydro's purchase of a majority stake in Cofaz, France's second largest fertiliser company writes Fay gjester in Oslo.

Mr Kare Willoch, the Norwegian Prime Minister, wrote to his French opposite number, Mr Laurent Fabius, about the matter in mid-October, but has so far received no reply.

Mr Willoch's letter is understood to have pointed out that Norsk Hydro's application to purchase the controlling stake was made last May, and that Mr Torvild Aakvaag, Hydro's president, has twice met the French Minister of Industry to discuss details. After these talks, the Norwegian impression was that all significant problems had been disposed of.

The 80 per cent holding which the Norwegian industrial and energy group wants to buy is partly held by Total Marine and Banque Paribas. They have agreed to sell, for an undisclosed price, but the sale requires French Government consent.

Both the Oslo Government and Norsk Hydro appear worried that internal political opposition could torpedo a deal which had appeared to be settled.

Althom issue to raise FFr 972.5m

BY DAVID MARSH IN PARIS

ALSTHOM, the French state-controlled engineering and shipbuilding group, is raising FFr 972.5m ($128m) through a one-for-four rights issue next month.

Alsthom is 66 per cent-controlled by the nationalised Compagnie Générale d'Electricité (CGE) group which said yesterday it would be fully exercising its rights. That means the amount of paper to be subscribed by private investors will be only FFr 330.7m. The share offer will run from January 6 to February 6.

The move will raise Alsthom's nominal capital from FFr 648.3m to FFr 810.4m through the issue of 3.24m new shares at a price of FFr 300 for each nominal share of FFr 50. The new issues will be eligible for dividends from July 1 1986.

The CGE group's other main bourse-quoted subsidiary, telecommunications group CIT-Alcatel, is also preparing a capital-increasing exercise in the form of an issue of up to FFr 1bn in convertible bonds. The company will seek authorisation from shareholders next month to launch the bonds up to end-1986.

In a separate move, CGE is due in January to receive a capital injection from the state of FFr 200m. The Government originally wanted to carry out the injection in the form of a subscription of new shares by leading state-owned insurance groups, but this plan has been dropped.

Malay bank loss

BY WONG SULONG IN KUALA LUMPUR

PERWIRA HABIB BANK, the joint venture bank owned by the Malaysian armed forces co-operative fund and the Habib Bank of Pakistan, reports a pre-tax loss of 18.5m ringgit ($7.7m) for 1984, compared with a profit of 10.6m ringgit in 1983.

The main reason for the heavy losses was provisions for bad loans. The bank said in a statement that there had been "weaknesses in lending practices on the part of the previous management."

Perwira Habib's bad loans came to light early this year and five senior executives were dismissed as a result.

As part of the bank's efforts to improve its position, the management has been revamped and "significantly strengthened" and control procedures tightened and strictly enforced.

Shareholders have agreed to increase capital to 105m ringgit from 30m ringgit. Perwira Habib has assets of 1.6bn ringgit and deposits of 1.2bn ringgit at the end of 1983.

● Kuala Lumpur Kepong, Malaysia's fourth largest plantation group, reports a 27 per cent decline in after-tax profit to 40.8m ringgit ($17m) for the year ended September 1985 because of softer commodity prices, particularly for rubber.

However, attributable earnings were boosted by extraordinary gains of 102m ringgit.

Thai Airways profit hit by currency loss

By Boonsong K'Thana In Bangkok

A SUBSTANTIAL foreign exchange loss has depressed Thai Airway's profit for the year ended September 1985 to 1bn baht ($37.4m) before tax, a 52.92 per cent decline from a year earlier.

Air Chief Marshal Prapan Dhupatemiya, the chairman, said the profit was achieved after absorbing losses caused by exchange rate fluctuations on outstanding loan balances of 1.25bn baht. The baht was devalued by 14 per cent in November, 1984.

However, the operating result, exclusive of currency losses, improved substantially, and was the best in the history of the airline.

● Petroleum Authority of Thailand (PTT) reports a 30 per cent drop in net profit for the year ended September, 1985, to 2.4bn baht following currency losses of some 2.6bn baht.

Turnover of PTT, the country's largest oil and gas distributor, rose by about 3bn baht to some 41bn baht. For 1986 the company forecasts a further decline in profit.

Company Notices

INTERNATIONAL COMPANIES and FINANCE

Finnish bank and Kaukas buy into pulp group

BY OLLI VIRTANEN IN HELSINKI

KAUKAS, the Finnish forest industry group, and the country's leading bank, Union Bank of Finland, have bought a total of 45 per cent of Wilh. Schauman, one of Finland's biggest pulp and board manufacturers. The deal is worth about $30m and is another move to restructure forest industry in Union Bank's financial family.

The shares were sold by members of the controlling Schauman family.

UBF orchestrated the merger of Kaukas to Kymi-Strönberg, the Finnish forest industry and power-technology company, at the beginning of December. UBF is the main financier of both companies as well as of Schauman.

The merger is expected to be completed in spring 1986. It will create Finland's second biggest forest industry group with a total turnover of FM 6bn ($1.1bn).

Although Schauman will not be merged into the group, the recent deal signed yesterday will bring substantial benefits to all parties, said UBF chairman Mr Mika Tiivola.

The benefits mainly stem from improved raw material supply and better possibilites to invest in another paper mill. Schauman has been actively seeking a joint venture partner in Europe to build a paper mill.

The aim is to secure markets for its pulp production. Meanwhile, Kaukas has been planning to build a paper mill in Scotland.

The family-owned Schauman group has suffered badly in the last 18 months as pulp prices tumbled on the world market. The chemical forest industry branch accounts for 32 per cent of the group turnover of FM 2.4bn ($440m).

In 1984 the company was still profitable but in 1985 it will be close to break-even.

Mechanical forest industry, mainly plywood and chipboard, is Schauman's speciality. It is Europe's biggest producer of plywood, with 200,000 cubic metres in 1984.

Schauman also owns the boat-building company Nautor, makers of Swan yachts.

S. African group to launch rights issue

BY JIM JONES IN JOHANNESBOURG

FEDERALE Volksbeleggings (FedVolks), the troubled South African industrial holding company, is to refinance itself with a R100m ($37.8m) issue of ordinary shares. The terms of the offer will be announced next month.

The company says it has been severely affected by high interest rates during the past two years and that foreign-exchange losses written off in the last financial year reduced permanent capital. As a result, the proceeds of the rights issue will be used to reduce borrowings rather than to finance business development.

FedVolks has been gradually selling loss-making operations, but at the half-way stage, Mr Johan Moolman, managing director, said that asset sales would not be made at prices substantially below book values.

During the half-year ended September 30 1985 interim turnover was R1.04bn and operating profit before interest, investment income and tax was R82.2m. Pre-tax profit stood at R20.7m and there was a taxed loss of R7.4m attributable to ordinary shareholders.

The electronics, building materials, agricultural equipment and chemicals interests all suffered losses in the half year. Cash shortages forced the group to limit capital spending to essential items and prevented it from following a rights issue by its subsidiary, FedFood.

Sanlam, South Africa's second largest insurance group, owns 58 per cent of FedVolk's equity and will follow its rights. In recent months, Sanlam has been obliged to participate in the refinancing of several companies in which it holds strategic interests.

In October, Sanlam provided R175m to refinance Kirsh Trading Group, which it manages and which operates Checkers, South Africa's largest supermarket chain. In March, Sanlam bought the loss-making Nissan motor operation from Messina, Sanlam's subsidiary, for R8.5m

In 1984 Sanlam underwrote and took up most of the R225m rights issue made by Federal Mynbou (FedMyn). That issue was needed to enable FedMyn to follow its rights in a R400m issue made by its subsidiary Gencor.

Winkelhaak profits rise

BY KENNETH MARSTON, MINING EDITOR

THE IMPACT of the weak rand, which has yet to be fully felt by South Africa's economy, is showing up in higher prices of fuel and other imported items used by the country's mines, says Mr C. R. Netscher, chairman of Gencor group's gold-producing Winkelhaak Mines.

In the year to September 30, Winkelhaak's working costs rose 16.9 per cent, but net profits showed a 26 per cent increase as a result of higher rand prices for gold sales.

In the case of the group's younger Unisel mine the rise in costs was held to 10.6 per cent in the face of South Africa's average inflation rate of 16.6 per cent.

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Bank of Korea extends bail-out loans for banks

BY STEVEN B. BUTLER IN SEOUL

THE BANK of Korea yesterday announced its decision to extend 300bn won ($336.5m) of low-interest "bail-out" loans to six Korean banks heavily involved in the country's depressed overseas construction industry.

The decision comes six months after the programme's original announcement and signals a failure by the central bank to assert its independence from Government economic ministries.

The central bank has resisted programmes designed to bolster bank profits, arguing that they lie outside the scope of its mission to implement the nation's monetary policy.

Propping up Korea's commercial banks, which carry bad debt amounting to trillions (million million) of won, has drawn the central bank into controversial political issues it has preferred to avoid. It has argued that the Government should take direct responsibility rather than take steps that distort the bank's function.

"One way or another," a Bank of Korea official said, "the Government is responsible for the large amount of bad loans accumulated by the banks."

Yesterday's announcement comes a week after the bank's decision to pay a 2 per cent interest rate on the reserve deposits that banks are required to place with the central bank. That rate has fallen gradually from 10 per cent in 1983, although this year the central bank made a concerted effort to eliminate the interest payment.

The bail-out loans will be used to refinance loans to domestic banks as they come due during the first quarter of 1986. The new loans will be issued at 3 per cent interest, compared with 6–8 per cent on typical loans from the Bank of Korea.

Banks eligible for the loans are the Cho-Heung Bank, the Commercial Bank of Korea, Korea First Bank, Hanil Bank, Bank of Seoul and Trust Co, and the Korea Exchange Bank.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for December 30.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amev 10⅛ 92	100	†102⅛	102⅝	0	+0¼	9.85
Amex Credit 10⅞ 90	100	103⅞	104⅜	0	+0⅛	9.64
Atlant Richfld 10¼ 00	250	101	101½	+0¼	+0⅜	10.07
Australia Com 11 95	200	109½	110	+0⅛	+0¼	9.38
Australia Com 11¼ 00	100	110	110½	+0⅛	+0¼	9.57
BP Capital 11⅛ 92	150	106⅛	106⅝	−0¼	−0¼	9.88
Campbell Soup 10½ 95	100	105⅛	105⅝	+0¼	+0¼	9.61
Canada 11½ 90	500	109⅝	110⅛	+0⅜	+0½	8.59
Canadian Pac 10¼ 93	100	106	106½	−0⅛	+0¼	9.52
Canadian Pac 12½ 99	75	†110⅛	110⅝	−0⅛	0	10.99
CEPME 10⅛ 91	100	103⅞	104⅜	0	+0¼	9.16
Chevron U.S.A. 12¼ 89	600	105½	106	0	+0⅛	10.30
Citicorp 10 88	200	102⅛	102⅝	0	+0⅛	8.92
Citicorp 10⅝ 95	200	100¾	101¼	0	+0¼	10.43
Coca Cola 11¾ 91	100	108¾	109¼	+0⅜	+0½	9.63
Denmark Kingdom 11¼ 89	100	106⅝	107⅛	0	+0¼	8.76
Denmark Kingdom 11½ 90	100	107⅞	108⅜	+0⅛	+0⅜	9.13
Denmark Kingdom 11½ 92	100	108⅞	109⅜	−0¼	+0⅜	9.48
E.D.F. 10 95	225	102⅞	103⅜	+0⅜	+0¾	9.47
E.E.C. 9⅝ 90	350	101¾	102¼	+0⅛	+0¼	9.04
E.E.C. 11⅛ 90	100	107⅛	107⅝	−0¼	−0⅛	8.88
E.I.B. 12 95	200	114⅛	114⅝	0	+0⅜	9.58
Eli Lilly 10¼ 92	150	105⅝	106⅛	+0⅛	+0¼	9.04
Export Dev Corp 10 90	100	104⅜	104⅞	+0⅜	+0½	8.67
Export Dev Corp 12 89	100	109⅜	109⅞	+0⅛	+0¼	8.91
Fed Dep Stores 10⅛ 95	100	101¾	102¼	0	+0⅛	9.77
Ford Motor Cred 10½ 91	150	103¾	104¼	0	+0¼	9.59
Ford Motor Cred 11⅝ 90	100	†106⅛	106⅝	+0½	+0¾	9.42
Ford Motor Cred 12 95	100	109⅛	109⅝	+0¼	+0⅝	10.35
Gen Elec Credit 10¼ 00	200	103½	104	+0⅛	+0⅛	9.74
GMAC 10¼ 89	200	103⅝	104⅛	+0⅛	+0¼	8.85
GMAC 10¼ 92	250	102⅞	103⅜	0	+0⅛	9.60
IADB 10½ 95	150	105¾	106¼	+0⅛	+0⅝	9.51
IBM Credit 10⅜ 2000	300	†*103¾	104¼	0	0	9.83
Kellogg Company 10⅞ 90	100	104½	105	0	+0⅛	9.49
Kellogg Company 11¼ 92	100	†106¼	106¾	0	+0⅛	9.77
L.T.C.B. 12⅞ 91	100	113¾	114¼	+0⅛	+0⅜	9.61
Mitsui Trust 11⅝ 90	100	†107⅛	107⅝	+0⅜	+0¾	9.59
Nippon Cred Bk 10⅝ 95	150	105⅝	106⅛	+0½	+0⅞	9.67
Pillsbury Co. 10¼ 93	100	102	102½	+0⅛	+0½	9.80
Pru Realty secs 12⅛ 95	546	111	111½	0	+0⅛	10.16
Qantas Airways 10⅝ 95	140	105⅜	105⅞	+0⅛	+0⅛	9.44
Quebec Hydro 11½ 92	100	108⅞	109⅜	−0¼	0	9.63
Queensland Govt 10¼ 95	100	103⅝	104⅛	+0⅛	+0⅛	9.60
Ralston Purina 11¾ 95	150	109¼	109¾	0	0	10.11
Ralston Purina 12¾ 89	100	109¾	110¼	+0⅛	+0¼	9.46
Saskatchewan 10¾ 92	100	106⅜	106⅞	+0⅛	+0¼	9.28
Saskatchewan 11⅞ 89	100	108¾	109¼	0	+0⅛	9.00
Statoil 10 90	170	103¾	104¼	−0⅛	0	8.88
S Wales Trsy 11¾ 90	150	108¾	109¼	−0⅛	−0⅛	9.11
Swed Exp Cred 10 92	100	103⅛	103⅝	0	+0¼	9.26
Swed Exp Cred 12¾ 89XW	100	109¼	109¾	+0⅛	+0⅜	9.54
Swedengdom 10⅞ 90	200	106½	107	−0¼	+0¼	8.91
Sweden Kingdom 11½ 89	200	108⅛	108⅝	0	+0¼	8.89
Sweden Kingdom 11¾ 94	100	111¼	111¾	+0⅛	+0½	9.76
Tenneco Corp 10¾ 95	150	102½	103	0	+0¼	10.26
Texaco Capital 10 95	300	†*84	84½	0	0	12.82
United Tech Fin 10⅝ 95	100	103½	104	−0⅛	0	9.98
Victorian Rep 11⅝ 92	150	109	109½	+0⅛	+0⅛	9.58
World Bank 10⅛ 95	300	105¼	105¾	+0¼	+0⅜	9.22
World Bank 12⅞ 94	200	117½	118	0	−0¼	9.73

Average price change On day +0⅛ on week +0¼

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bank 8 94	200	†106½	107½	+1	+1½	6.98
Austria Republic 7⅝ 94	200	†104½	105½	0	+0¼	6.80
Baxter Travenol 7¼ 94	200	†101½	102½	0	+0½	6.92
Copenhagen 7⅝ 95	150	†101¾	102¾	−0⅛	0	7.03
Credit National 8½ 94	200	†106½	107½	+0¼	+0½	6.96
Dow Chemical 6¾ 95	300	†100½	101½	+1	+1½	6.60
E.I.B. 7¼ 94	300	†103	104	+0½	+0½	6.72
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avon Cap Corp 5⅝ 94	130	†101¼	101½	+0¼	0	5.18
Brit land Comp 6½ 99	75	†105	105¼	0	0	5.94
Council of Europe 5 92	120	†102¼	103	−0¼	0	5.53
Creditanstalt 5½ 94	100	†100¼	100½	+0¼	0	5.45
Deutsche Bk Fin 5⅜ 95	100	†105¼	105½	+0¼	+1⅛	4.63
E.I.B. 5⅞ 94	120	†101¾	102	−0¼	−0½	5.60
Gen Occidentale 4½ 94	80	†108¾	109	−0¼	+0⅝	3.34
Glendale Fed.S&L 5½ 95	100	†98¾	99	+0¼	+0½	5.65
Ind Fund Fin 5¾ 94	40	†108½	108¾	−1¼	−0¼	5.66
Int-Am Dev Bk 6⅛ 94	120	†103½	103¾	+0½	+0½	5.59
N.Zealand steel 5¾ 96	70	†101¾	102	+1	+1	5.52
Oberos Kitak 5⅝ 95	100	†*101	101¼	+1	+1	5.21
Olivetti Intl 5½ 95	100	†102½	103	+1⅛	+1⅜	5.13
Pepsico 5¼ 95	130	†105	105½	+2⅝	+2⅝	4.54
Ralston Purina 5⅜ 94	125	†102	102¼	0	0	5.07
Santos Finance Ltd 6 94	130	†100¼	100¾	−0⅞	−0⅞	5.92
Tokyo Elec Pwr 5½ 93	120	†101	101½	−0⅝	−0⅝	5.28
Tokyo Metropolis 5¼ 94	80	†103½	103¾	−0½	−0½	4.74
World Bk 5¾ 94	150	†105½	105¾	+0½	+0½	4.86

Average price change On day +0⅛ on week +0½

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Caisse Nat Tele. 6¼ 92	25	98	98½	−0⅛	0	6.57
Gdyr Tr & Rubber 7⅛ 95	25	102	102½	+0⅛	+0⅛	6.78
Mort Bk Denmark 7 92	10	100¾	101¼	0	−0⅛	6.79
New Brunswick 7⅛ 95	10	103⅛	103⅝	0	+0⅛	6.63
Swed Exp Cred Zero 90	14	73⅛	73⅝	+0⅛	+0⅛	6.75

Average price change On day 0 on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asics 5 92 DM	12/83	520	107⅝	108⅝	0	18.30
Renown 3⅝ 90 DM	3/85	675	†105	106	+0¾	−1.35
Sum Realty 6¼ 92 DM	2/83	339	†439½	440½	−8½	−3.42

* No information available—previous day's price.
† Only one market maker supplied a price.

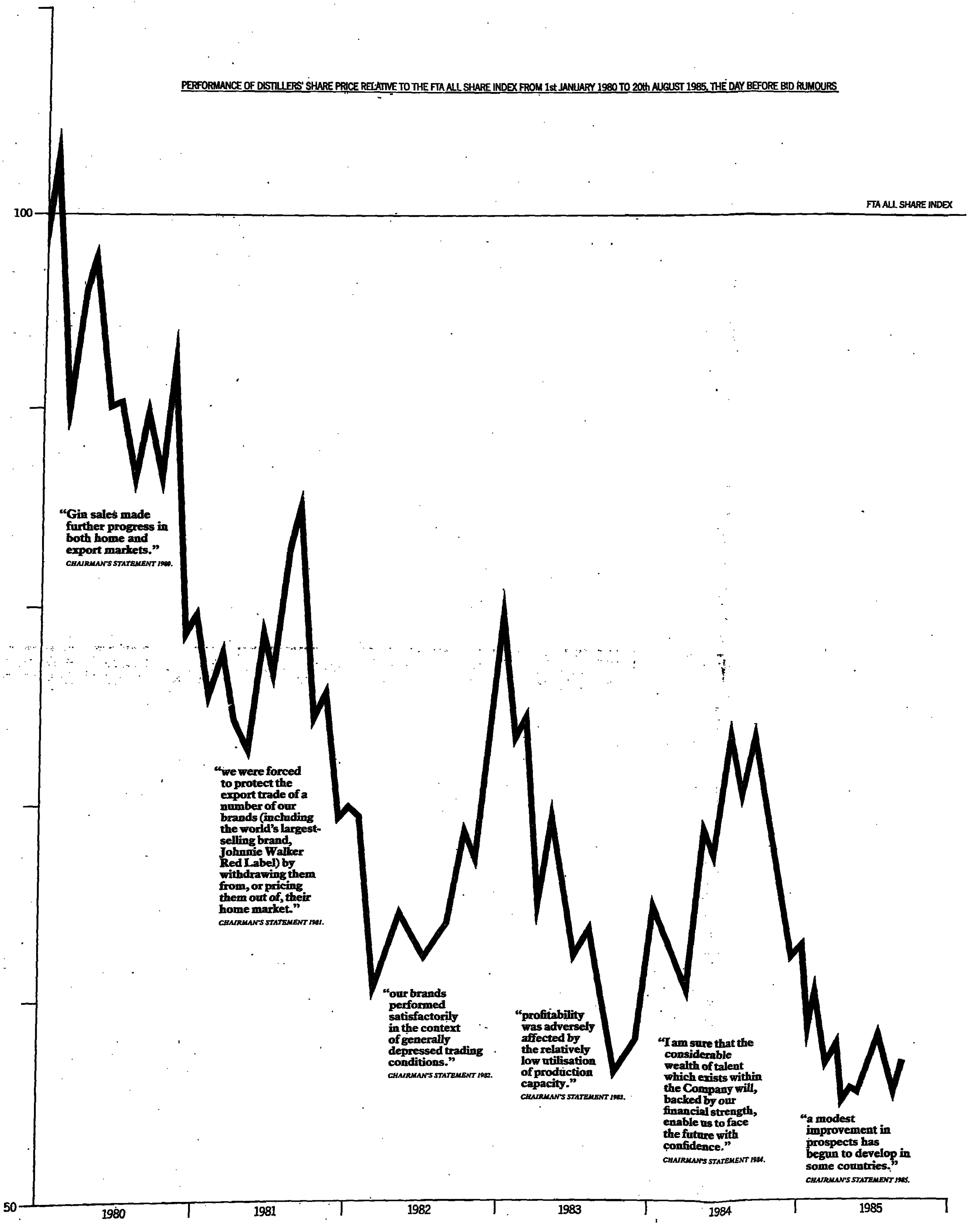
Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. dte – Date next coupon becomes effective. Spread – Margin above six-month offered rate (‡ three month; § above mean rate) for U.S. dollars. C.cpn. – current coupon. Cu. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

هكذا من الأصل

PERFORMANCE OF DISTILLERS' SHARE PRICE RELATIVE TO THE FTA ALL SHARE INDEX FROM 1st JANUARY 1980 TO 20th AUGUST 1985, THE DAY BEFORE BID RUMOURS



SOURCE: DATASTREAM. CHAIRMEN'S STATEMENTS FROM DISTILLERS' ANNUAL REPORTS YEARS ENDED 31ST MARCH

Distillers' Chairmen have always meant well.

Argyll. We can revive Distillers' spirits.

UK COMPANY NEWS

Distillers' defence says Argyll's bid is 'debt ridden'

BY LIONEL BARBER

Distillers, the Scotch whisky combine facing a £1.8bn hostile takeover bid from Argyll Group, yesterday said Argyll's offer was "debt ridden" and, if successful, would jeopardise the future of the company.

In its defence document, urging shareholders to reject the offer, Distillers said that Argyll had failed in its drinks business, that it was a "buyer and a seller of businesses," and labelled it "a discount retailer which compares unfavourably with its competitors."

Argyll responded with yet another glossy brochure attacking DCL's past performance and ridiculing DCL's claim that it is the "flagship of the Scotch whisky industry."

Despite the aggressive language, DCL did not reveal a profit forecast for the year to end March 1986. City observers said that such a forecast was likely to come later in the bid battle.

The Government is to decide in the New Year whether the bid will be referred to the Monopolies Commission. Such a move would impose a six-month breathing space.

Argyll is offering eight new shares and 10 new convertible plus £14.50 in cash for every 10 Distillers shares. On the basis of last night's closing prices, Argyll, at 343p, up 8p, values Distiller, 498p, down 2p, at 519p per share. There is a 485p cash alternative.

DCL concentrated its attack yesterday on Argyll's offer which, it said, would lead to Argyll being geared at 100 per cent, compared with DCL's current gearing of 12 per cent. As a result, DCL said, profits attributable to ordinary shareholders in a new group would fall by more than 40 per cent.

Mr William Spengler, the newly-appointed American deputy chairman of DCL, said yesterday that a successful bid by Argyll would prevent DCL acquiring new business to improve the company's growth.

He delivered a broad hint that DCL might consider making a big acquisition in the near future, partly to achieve new growth and partly to make DCL too big for Argyll to swallow.

DCL is almost three times bigger than Argyll, measured by market capitalisation.

"It would be perfectly logical to make such a move," said Mr Spengler.

In a separate interview, Mr David Connell, managing director of the Johnnie Walker subsidiary, said that if the right acquisition came along, the company "would go for it."

However, neither Mr Spengler nor Mr Connell would specify what sort of acquisition DCL was considering, nor the size of such an acquisition.

In a separate attack, DCL cast doubt on Argyll's own performance, both in the drinks business and as a supermarket retailer. It said that Argyll's profits per square foot stood at just under £10 in 1984, lower than Tesco and far lower than Sainsbury which achieved almost £35 per square foot.

In addition, DCL said that Argyll's operating margins in the drinks business in the UK had steadily declined from more than 7 per cent in 1980 to 2.1 per cent in 1985. It also claimed that Argyll had shown a "flat profits record" in the US where profit margins for Barton Brands had slipped over the past three years from 7.3 per cent to 6.6 per cent.

DCL said that it was the most profitable international spirits company in the world, compared to its international rivals, Seagram, Hiram Walker, and IDV, the drinks subsidiary of Grand Metropolitan.

However, Grand Met pointed out yesterday that its trading profit for the latest financial year mentioned in the Distillers' defence document was out of date and should have read £149.6m, not £129.3m.

Mr David Webster Argyll's finance director, hit back last night at DCL's criticism saying it had ignored its own failings.

For example, in the first six months of the current year, DCL reported a volume increase of only 10 per cent in the home market, while the increase in industry volume amounted to 16 per cent.

See Lex

Stavert Zigomala

Stavert Zigomala, furniture and carpet wholesaler and retailer, made pre-tax profits of £37,548 (£28,298) in the six months to September 30, 1985, on turnover of £343,168 (£236,048). After tax of £11,264 (£8,489) earnings per ordinary stock unit were 8.8p (6.64p) and 7.09p (5.23p) per deferred stock unit.

Maxwell reduces Guinness Peat stake

MR ROBERT MAXWELL, the publisher of Mirror Group Newspapers who heads a concert party of Britannia Arrows shareholders, announced yesterday that he had sold part of his stake in Guinness Peat Group, the financial services company which is mounting a bid for Britannia.

Mr Maxwell sold 200,000 of his 1.75m shares, which represents a stake of less than 1 per cent. The transaction took place last Friday and was made at 69p.

There had been speculation that Mr Maxwell would try to thwart Guinness Peat's cash and share bid by driving down the price of its shares.

Britannia's shares closed at 140p last night, down 3p, equivalent to the value of Guinness Peat's cash offer. The offer closes next Friday afternoon. Guinness Peat is believed to have bought more Britannia shares yesterday, bringing its stake to over 29 per cent.

Mr Maxwell's concert party owns over 20 per cent of Britannia.

Tony Jackson looks at Imperial's bid for United Biscuits

Tobacco cash gives food for thought

"I DO NOT have a defensive bone in my body," says Sir Hector Laing, chairman of United Biscuits. "You can not think defensively in this game. The only way to protect yourself is to keep growing."

Odd sentiments, perhaps, from a man who is actively seeking to have his company taken over. If current City opinion is anything to go by, he may have trouble in doing that.

The 1.2bn bid from Imperial Group for UB, the formal offer for which is published today, is in direct conflict with Lord Hanson's £1.9bn bid for Imperial.

The Hanson bid, in turn, is conditional on the Imperial/UB deal being dropped.

But the proposed deal with Imperial is no ordinary takeover. Some City observers, mindful of UB's sound, if recently unspectacular, growth record and of past management disasters at Imperial, see it as a reverse takeover in disguise.

"I reject that notion," Sir Hector says. "People are only looking at the food side of the merger. There's a lot more to it than that."

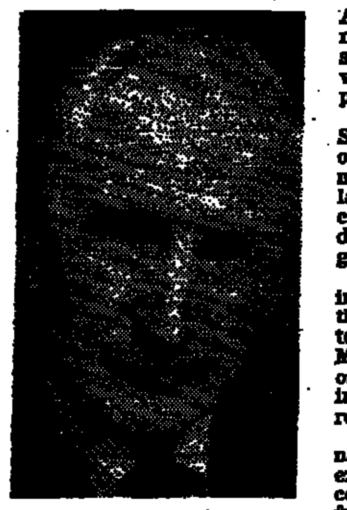
From Sir Hector's standpoint, Imperial can do two things for UB. It can contribute a portfolio of food businesses — frozen food, snacks, restaurants — which would fit in precisely with existing UB interests: but it can also do one much more fundamental thing — contribute tobacco cash flow.

In the past six months, the international stage on which UB operates has changed dramatically Nabisco, the only biscuit company in the world bigger than UB, had strengthened itself four years ago by merging with fellow American food company Standard Brands. In June this year, the merged group took a more dramatic step again, agreeing to a $4.9bn takeover by the US tobacco giant R. J. Reynolds.

The next step came in September. General Foods, bigger again than Nabisco Brands, agreed to a $5.6bn takeover by another tobacco giant, Philip Morris, creating a consumer group with sales of $22bn. UB, until not so long ago a respectable force in world food markets, was suddenly a minnow.

"All that tobacco money," Sir Hector says, "is coming in to expand the food business. I believe it is targeted at the Third World particularly. If we want a food business of world class and stature, an Imps/UB merger will provide it.

"If we don't have a UK food company in that league, we will be leaving the development of Third World markets to the Americans."



Sir Hector Laing, chairman of United Biscuits.

But why is tobacco money behaving in this way? "The Americans are scared that law suits and other pressure on tobacco will increase," Sir Hector says. "They want to run that side down while building the food side up."

But why food? "It's safe," Sir Hector says simply. "The one thing we know is that in the year 2000 people will be eating. Also, people's tastes in food are not like their tastes in, say, consumer electronics. They change very slowly, and a dynamic company can foresee them."

The other persistant strand in Sir Hector's thinking is the opportunity of Third World markets. "That's where the population is," he says. "And in countries like China living standards are rising, and dramatic growth is possible."

Creating international brands in the food business is harder than it sounds. Sir Hector points to the phenomenal success of McDonalds, but modern examples of food brands which will cross international taste barriers are relatively scarce.

Unilever, a consumer multinational with almost unrivalled expertise in the Third World, concentrates chiefly on selling functional products — soaps, detergents and the like — in those markets, rather than its battery of European food brands.

And, embarrassingly enough, UB itself has so far largely failed in attempts to push its main biscuit brand, McVities Digestive, into the US market through its Keebler subsidiary.

However, there is also need for cash in the existing business — in particular, says Sir Hector, in the restaurant business.

This is an area from which UB has taken some years to wring satisfactory profits, though the Pizzaland and Wimpey chains have performed significantly better in the past couple of years. And, says Sir Hector, the concept of Imperial's Happy Eater restaurants and UB's Pizzaland could go into pubs as well.

Another awkward diversification for UB has been its frozen foods business. But this too, Sir Hector says, is coming right. "We made £300,000 profits last year, and this year we will make £2m. It's a perfect business to add to the Young and Ross brands from Imperial."

Overshadowing all this, though, is the Hanson bid. Although Sir Hector is courteously unwilling to criticise his rival, he says "no-one could argue that what Hanson is doing has industrial logic. What we are doing has total logic, both in the UK and overseas."

The point seems difficult to dispute. However, as Sir Hector concedes, "it might appear at face value that Hanson's bid is better."

His main counter-argument — the perennial one of the industrialist, and sounding a touch plaintive in today's world of the megabid—is: "I just hope the institutions will look a bit further forward."

See Lex

Charles Batchelor looks back at a year which saw the value of takeover bids hit a record level

Establishing some important new trends

THE YEAR 1985 will go down not only as setting a record for the value of takeover bids but also as establishing some important new trends in both the financing and the conduct of bid battles.

Following 1984, when no record was set in terms of the size of individual takeover bids, 1985 saw the previous bid leader, BAT Industries' £968m bid for Eagle Star in 1983, comfortably exceeded by no fewer than five of the proposed takeovers.

In the first dramatic week of December four billion-pound-plus bids were launched, culminating in Hanson Trust's record-breaking £1.9bn offer for Imperial Group.

But the mere size of the deals announced over the past 12 months was less important than the increasingly inventive tactics devised by the bidders and their advisers. Three important new strategies emerged:

● The leveraged deal, common in the US, where the bidder finances the takeover by borrowings secured on the assets of its target, parts of which may be sold off, made a first appearance.

Elders IXL, the Australian, brewing, agricultural and trading combine headed by Mr John Elliott, launched a £1.8bn bid for Allied-Lyons, the British food and drinks group, with the backing of an eight-strong consortium of international banks. Elders audacity was rewarded by the referral of its bid to the Monopolies and Mergers Commission for a review of the innovative financing proposed.

● The tender offer emerged as an alternative to the now largely discredited "dawn raid" as a means of gaining a sizeable foothold in the target company without launching a full bid. It achieved only limited success.

British Land, the property group headed by Mr John Ritblat. led the field with a tender for up to 29.9 per cent of the voting power of Stylo, the shoe retailer controlled by the Ziff family, but was defeated by Stylos unusual share structure.

C. H. Beazer, the West Country housebuilder and one of the most active of the year's bidders, also failed when a tender offer for a stake in SGB, the scaffolding group, was topped by a full takeover bid from BET.

Success went finally, in rather surprising circumstances, to Glen International, the investment group headed by Mr Terry Ramsden, in its tender for up to 28.5 per cent of Pyke Holdings, a catering butcher. Glen won against an agreed £17m bid for the whole Pyke from Hillsdown Holdings, the foods group.

● The management buy-out, which has been growing increasingly popular as a means of giving new direction to unwanted subsidiaries emerged as a possible bid defence.

Haden, an engineering group, put together a £56m management buyout in response to a £37m hostile takeover bid from Trafalgar House, the first time such a manoeuvre, fairly common in the US, had been done in the UK. Debenhams, the stores group, considered a management buyout as a last-ditch tactic against Burton Group's bid, but finally dropped the idea.

Even before the final flurry of bid activity towards the end of the year the value of completed bids in the first nine months of 1985 (see chart) was comfortably ahead of the figure for the whole of 1984.

In the first three quarters of 1985 bidders spent no less than £6.1bn compared with £3.62bn in the same 1984 period and £5.5bn in the whole of 1984, itself a record year.

If the cash sums involved were larger, the number of companies involved fell. A total of 287 companies made acquisitions in the first nine months of 1985 compared with 337 companies in the same 1984 period. The number of companies acquired fell from 391 to 352.

Why is the City experiencing such a wave of takeovers? The factors which have fuelled the merger boom of the past few years remain as potent.

Company balance sheets are strong on the back of rising profits, retained earnings and liquidity, while long-term borrowing has been falling. The strength of the stock market has meant companies can finance deals relatively easily by the issue of their own shares.

Companies which weathered the recession turned their attention to expansion after years of cut-backs and closures. Buying a going concern is usually cheaper and quicker than building up a business from scratch.

In addition to these fundamental influences, a number of new factors emerged. The US investment banks have spent years building up their corporate finance teams in the UK and are starting to break into areas traditionally exclusively reserved for the British merchant banks.

Citycorp, for example, played a major role in putting together the financial consortium backing the Elders' bid for Allied-Lyons and played a similar role in an earlier unsuccessful bid from Entrad, the Australian textile group for Tootal, its UK counterpart.

The growing ambitions of Antipodean businessmen anxious to expand outside their own relatively small home market played a noticeable role in the 1985 bid scene. Apart from the Elders and Entrad bids Mr Ron Brierley, the New Zealand entrepreneur took control at TKM, the restructured motor vehicle group, and also built up a sizeable holding in Molins, the cigarette equipment maker, whose directors narrowly failed to carry out a management buy-out.

A further factor was a greater confidence among businessmen in the Government's commitment to a hands-off attitude to takeover bids.

Five major bids were referred to the Monopolies Commission this year: Scottish and Newcastle Breweries' bid for Matthew Brown, which was ultimately cleared to go ahead but failed by a narrow margin. United Newspapers' successful bid for Fleet Holdings; McCorquodale's abortive bid for Richard Clay, the paperback printer; Elders for Allied; and British Telecom's bid for 51 per cent of Mitel, the Canadian telecommunications equipment group, which is still before the commission.

The Commission overturned a ruling it gave in 1981 barring Lonrho, Mr Roland "Tiny" Rowland's trading group, from bidding for House of Fraser, the Harrods department store group. This reversal came too late, however, to prevent a £615m agreed bid for Fraser from the Al-Fayed brothers of Egypt going through. The City's longest-running takeover battle had finally come to an end after seven years.

● The Takeover Panel too had a busy year, tidying up and streamlining the takeover code in April but under constant pressure throughout the 12 months from parties involved in bids.

Frequently criticised for failing to take decisive action, the Panel finished the year on a strong note: it refused to allow Scottish & Newcastle to continue to receive additional acceptances for its bid for Matthew Brown in the 90 minutes reserved for counting acceptances.

The Panel also held Mr James Gulliver, chairman of Argyll Group, to a public statement made in early September that he had no plans to bid for Distillers "at the present time." It was not until three months later that Argyll was allowed to bid.

The preference share came to surprise prominence during the year. BTR, Sir Owen Green's diversified holding company, gained an armlock over Dunlop, effectively blocking its restructuring plans by buying just over a quarter of its preference shares. Preference shareholders, realising the nuisance value of their holdings, which could prevent the target company being fully absorbed and de-listed increasingly held out for better terms from bidders.

Active as they were on their own turf, British companies also made several major bids for overseas groups. Hanson Trust is still fighting a $930m (£646m) bid for SCM, the US chemicals to typewriters company, through the US courts.

One of the unlikeliest bids of the year came from Glen International. Together with Trafalgar Holdings, a US investment group, it launched a £644m takeover bid for Minebea, Japan's largest manufacturer of precision ball bearings. This was the first time a foreign group had made a contested bid for a Japanese company and has still to be decided.

Hanson Trust, C. H. Beazer and Bunzl, the paper distribution group, maintained their position as the most active corporated bidders, though their efforts were not always successful.

Hanson failed in its £170m bid for Powell Duffryn, the bulk fuels and chemicals group, its first setback in four years of bid activity.

However, the rash of takeover bids left many observers with a sense of unease. Were the bids really justified in industrial and financial terms?

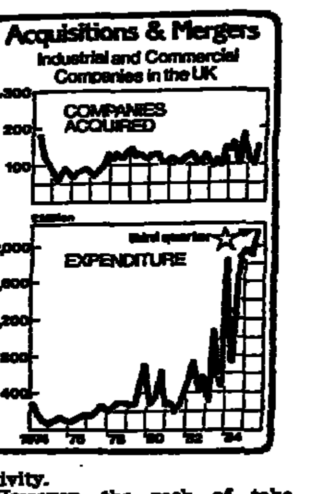
For example, in September, Imperial Group sold Howard Johnson for £219m, four disastrous years after paying £280m for the US hotel chain.

The British group enthused at the time of the Hojo a purchase that it was dealing "with the next decade and the one after that." Imperial's experience is a telling reminder that a successful takeover is only the first step.

LARGEST CORPORATE BIDS IN 1985

Bidder	Adviser	Target	Adviser	Value/Status (£)
Hanson Trust	Schroder Wagg/ N. M. Rothschild	Imperial Group	Hambros	1.9bn contested*
Argyll Group	Samuel Montagu/ Charterhouse Japhet/ Noble Grossart	Distillers	Kleinwort Benson/ Rbt. Fleming	1.86bn contested*
Elders IXL	Hill Samuel	Allied-Lyons	S. G. Warburg	1.8bn contested*
Habitat Mothercare	Morgan Grenfell	British Home Stores	Kleinwort Benson	1.52bn† merger
Imperial Group	Hambros	United Biscuits	Morgan Grenfell	1.22bn agreed*
GEC	S. G. Warburg	Plessey	Kleinwort Benson	1.18bn contested*
Sterling Guarantee Trst	Hambros/Barclays Merchant Bank	P & O	Morgan Grenfell	985m† agreed
			S. G. Warburg	615m agreed
Al-Fayed Investments	Kleinwort Benson	House of Fraser	County Bank	615m agreed
ASDA	Morgan Grenfell	MFI	N. M. Rothschild	560m contested
Burton Group	S. G. Warburg	Debenhams	S. G. Warburg/	356m contested
Guinness	Morgan Grenfell	Arthur Bell & Son	Henry Ansbacher	
Utd. Newspapers	Morgan Grenfell	Fleet Holdings	Kleinwort Benson	317m contested

† Combined market capitalisation of merged companies. * Pending.



BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Kennedy Smale, Wyndham

FUTURE DATES

Interims—

Carclo Engineering	Jan 8
Kakuzi	Jan 7
Priest Marians	Jan 6
Thorn EMI	Jan 9
Final—	
Allied Textile	Jan 29

Granville & Co. Limited

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Over-the-Counter Market

High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
148	118	Ass. Brit. Ind. Ord.	118	—	7.3	6.2	7.2	8.7
151	121	Ass. Brit. Ind. CULS	121xd	—	10.0	8.3	—	—
77	43	Airsprung Group	70	+1	6.4	9.1	11.7	15.2
46	26	Armitage and Rhodes	38	−1	4.3	11.3	4.7	5.7
167	108	Bardon Hill	168	+1	4.0	2.4	21.3	22.1
64	42	Bray Technologies	55	—	3.9	7.1	6.7	7.7
201	136	CCL Ordinary	136	—	12.0	8.8	3.3	3.2
152	97	CCL 11pc Conv. Pref.	97xd	—	15.7	16.2	—	—
130	10	Carborundum Ord.	116	—	4.9	4.2	5.7	9.0
94	83	Carborundum 7.5pc Pf.	91xd	—	10.7	11.8	—	—
73	46	Deborah Services	56	−1	7.0	12.5	5.8	7.7
32	21	Frederick Parker Group	21	—	—	—	—	—
83	33	George Blair	75	+1	—	—	3.1	5.6
58	20	Ind. Precision Castings	58	—	3.0	5.2	15.3	12.8
218	172	Isis Group	176xd	+1	15.0	8.5	13.5	20.2
124	101	Jackson Group	115	+1	5.5	4.8	7.7	7.7
292	213	James Burrough	292	—	15.0	5.1	9.2	9.2
95	83	James Burrough 9pc Pf	95	—	12.9	13.6	—	—
95	71	John Howard and Co.	73	—	5.0	6.9	5.7	9.0
225	100	Linguaphone Ord.	180s	—	—	—	6.6	6.9
100	90	Linguaphone 10.5pc Pf.	90s	—	15.0	16.7	—	—
650	300	Minihouse Holding NV	575	—	6.9	1.2	25.1	23.9
120	31	Robert Jenkins	70	—	—	—	9.0	20.0
60	28	Scruttons "A"	30	—	—	—	—	7.7
92	61	Torday and Carlisle	67	—	5.0	7.5	3.4	6.1
444	320	Travian Holdings	325xd	—	4.3	1.3	18.5	18.2
42	17	Unilock Holdings	41	—	2.1	5.1	11.1	10.9
130	81	Walter Alexander	130	—	8.6	6.6	7.4	9.0
247	196	W. S. Yeates	200	—	17.4	8.7	5.7	9.8

s=Suspended.

BASE LENDING RATES

ABN Bank	11½%	■ Guinness Mahon	11½%
Allied Dunbar & Co.	11½%	■ Hambros Bank	11½%
Allied Irish Bank	11½%	Heritable & Gen. Trust	11½%
American Express Bk.	11½%	■ Hill Samuel	§11½%
Amro Bank	11½%	C. Hoare & Co.	11½%
Henry Ansbacher	11½%	Hongkong & Shanghai	11½%
Associates Cap. Corp.	12 %	Johnson Matthey Bkrs.	11½%
Banco de Bilbao	11½%	Knowsley & Co. Ltd.	12 %
Bank Hapoalim	11½%	Lloyds Bank	11½%
Bank Leumi (UK)	11½%	Edward Manson & Co.	12½%
BCCI	11½%	Meghraj & Sons Ltd.	11½%
Bank of Ireland	11½%	Midland Bank	11½%
Bank of Cyprus	11½%	■ Morgan Grenfell	11½%
Bank of India	11½%	Mount Credit Corp. Ltd.	11½%
Bank of Scotland	11½%	National Bk. of Kuwait	11½%
Banque Belge Ltd.	11½%	National Giro Bank	11½%
Barclays Bank	11½%	National Westminster	11½%
Beneficial Trust Ltd.	12½%	Northern Bank Ltd.	11½%
Brit. Bank of Mid East	11½%	Norwich Gen. Trust	11½%
■ Brown Shipley	11½%	People's Trust	12½%
CL Bank Nederland	11½%	PK Finans. Intl. (UK)	12 %
Canada Permanent	11½%	Provincial Trust Ltd.	12½%
Cayzer Ltd.	11½%	R. Raphael & Sons	11½%
Cedar Holdings	12 %	Roxburghe Guarantee	12 %
■ Charterhouse Japhet	11½%	Royal Bank of Scotland	11½%
Citibank NA	11½%	Royal Trust Co. Canada	11½%
Citibank Savings	¶12½%	Standard Chartered	‖11½%
City Merchants Bank	11½%	TCB	11½%
Clydesdale Bank	11½%	Trustee Savings Bank	11½%
C. E. Coates & Co. Ltd.	12 %	United Bank of Kuwait	11½%
Comm. Bk. N. East	11½%	United Mizrahi Bank	11½%
Consolidated Credits	11½%	Westpac Banking Corp.	11½%
Continental Trust Ltd.	11½%	Whiteaway Laidlaw	12 %
Co-operative Bank	*11½%	Yorkshire Bank	11½%
The Cyprus Popular Bk	*11½%		
Duncan Lawrie	11½%		
E. T. Trust	12 %		
Exeter Trust Ltd.	12 %		
Financial & Gen. Sec.	11½%		
First Nat. Fin. Corp.	12½%		
First Nat. Sec. Ltd.	12½%		
■ Robert Fleming & Co.	11½%		
Robert Fraser & Ptrs.	12½%		
Grindlays Bank	‡11½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.00%. 1-month 8.50%. Top Tier—£2,500+ at 3 months notice 11.25%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 8.00% gross.
‖ 21-day deposits over £1,000 9.25%.
¶ Mortgage base rate.
§ Demand dep. 8%. Mortgage 13%.

COMPANY NEWS IN BRIEF

LONDON & MANCHESTER Group subsidiary, the 1928 Investment Trust, has acquired 725,000 Albany Investment Trust ordinary shares. 14.47 per cent of the equity.

AUTOMOTIVE PRODUCTS has contracted for the sale of 67 acres of land, adjacent to its Leamington headquarters, to Townsend Construction, a subsidiary of European Ferries. The initial selling price is £2.1m, with further sums to follow, subject to consent being given to future planning applications.

PERELLE NOMINEES has sold 50,000 ordinary shares in John Beales and now holds 320,000 shares (8.3 per cent).

STEWART ENTERPRISES — Scottish American Investment Company has purchased 50,000 ordinary and is now the beneficial owner of 4,004,100 ordinary (25.34 per cent) shares.

E. UPTON & SONS' major shareholder, Dawson and Sanderson has acquired a further 2,500 ordinary shares bringing its total holding to 15.55 per cent of the voting equity.

FLOGAS has been notified by Irish Life Assurance that the combined holdings of Irish Life Funds in its ordinary equity is in the range of 5 per cent to 10 per cent.

TELEVISION SERVICES International, USM-quoted film and video producer, has completed the acquisition of David Chapman Associates, television commercials producer. Consideration is 179,883 new TSI shares, plus an additional £100,000 in June 1987, also to be met by the issue of TSI shares, if certain profit criteria are met.

هكذا من الأصل

	Net tangible assets	Profit after ex items and preference div
	£m	£m
Distillers	1,037.2	125.8
Argyll	120.7	28.0
Argyll with Distillers	620.0	87.0

Source: ARGYLL proforma financial information 1984/85.

Admit it Argyll. Your bid doesn't add up to much.

An Argyll-owned Distillers would indeed be a unique enterprise.

The whole would be equal to little more than half the sum of the parts.

A numerical feat that Argyll would achieve with remarkable ease, by borrowing most of the money needed to finance their bid.

Borrowings of £600 million.

A convenient arrangement for them, perhaps, but a crippling burden for the shareholder.

Last year's net tangible assets would have reduced from £1,157.9 to £620.0 million.

Last year's profits attributable to ordinary shareholders would have plummeted from £153.8 to £87.0 million.

A sorry picture indeed.

The Distillers Company plc.

This advertisement is published by The Distillers Company plc, whose directors (including those who have delegated detailed supervision of this advertisement) have taken all reasonable care to ensure that the facts stated and opinions expressed herein are fair and accurate. Each of the directors accepts responsibility accordingly.

TECHNOLOGY

EDITED BY ALAN CANE

High-fibre diet for tomorrow's materials

Ceramic strands may lead to important aerospace and engineering applications. Peter Marsh reports

ENGINEERS are investigating a range of applications in industries such as aerospace, cars and specialised machinery for a new generation of *composites* strengthened with novel fibres, often *made from* ceramic materials.

The fibres are normally embedded in plastics, metals or a ceramic substance to form a stiff, *lightweight structure.*

Many composites of these materials are still emerging from the laboratory, and seem likely to play an importnat role in the world's advanced-ceramics industry., which has *annual sales of* about $6bn.

The new fibres are based on materials such as boron, silicon nitride and silicon carbide, and oxides of aluminium, zirconium and silicon. Other fibres comprise a thin coating of aluminium or nickel on strands of *glass or carbon.*

Companies selling ceramic fibres for strengthening applications include Kyocera, Nippon Carbon and Sumitomo of Japan, and *Du Pont and American* Cynamid of the US. The fibres are embedded in other materials as long strands or small whiskers.

Products incorporating the fibres offer improved properties (better heat resistance for instance) against better established, cheaper composites in which fibres of glass, polymer or carbon provide the support.

So far, uses for the new com*posites are largely confined to* specialised areas.

United Technologies, for instance, sells reinforced glass made of lithium aluminium *silicate strengthened with silli*con carbide. The glass, useful in some aerospace applications, can withstand about 1,000 deg C.

Large pieces of ceramic materials (silica blocks for refractory applications, for in*stance) can benefit from streng*thening elements made of inorganic materials to make them less brittle.

Engineers are especially *interested in metal-matrix* composites. In these, a set of ceramic fibres is embedded in a metal like aluminium or copper to improve strength and resistance to temperature. Most applications have been in the aerospace industry and other *specialised areas (see panel).*

In the AV-8B Harrier II, jump jet developed jointly by British *Aerospace* and McDonnell Douglas, some 30 per cent of the wings and airframe is of composite materials.

According to a report on strategic materials *from* US Congress's Office of Technology Assessment, metal-matrix composites also have applications in sports goods (in ultra-light *weight tennis racquets for in*stance) and in wheelchairs and artificial limbs. Other uses are in the frames of lightweight bicycles, in shuttles in the textile industry, and, in the electrical goods business, in motor brushes and electrical contacts.

The report says the aerospace industry will probably account for half the advanced-composites market and that *significant growth will occur in* the use of the materials by car companies and general industry.

It appears that the prospects for ceramic fibres built into advanced composites roughly parallel those for carbon fibres when *that* was in the first stages of development in the early 1970s.

Industry worldwide bought about 2,500 tonnes of carbon fibre *(worth some $80m) in* 1984. After several years when aerospace concerns were virtually the only customers for carbon fibres, the material is starting to appear in more mundane types of products, such as factory machinery and the *stylus arms of record players.*

Overall, sales of carbon fibres have increased in recent years at about 30 per cent annually.

A report on novel composites, from Frost & Sullivan, US market-research consultancy, is more cautious about the potential of the novel fibres. It says that high costs, derived from expensive raw materials and labour - intensive fabrication, represent a serious barrier to *the use in non-aerospace areas* of many of the newer fibres.

For example, boron fibre sells at $550 a kilogram, more than 10 times dearer than carbon fibre and 500 times more costly than steel.

About the only applications for boron fibre, which is made by companies such as Avco, is a strengthening element in the US aerospace industry.

But with increases in output as a result of new applications for the novel materials, costs could fall. In the case of carbon *fibre,* costs have decreased by 5 per cent in real terms since the substance was first developed in the 1960s at such research centres as the Royal Aircraft Establishment, Farnborough.

One way to bring down the price of the new fibre is to turn to new chemical methods to *make the material.* Such techniques, including sol-gel chemistry (this page, December 20), require less energy than the conventional way to produce ceramics — in which materials are fused together at high temperatures in kilns.

In other work to reduce costs, companies are speeding up curing times for the resins (such as epoxies and polyimides) on which the composites are based and introducing automated systems to control *the way fibres are interleaved* in the finished materials.

Furthermore, engineers are showing increased ingenuity in forming the fibres into products. *They are turning to "hybrid"* composites where mixtures of high-technology ceramics are combined with cheap glass fibres to give high strength at *a reasonably low cost.*

For example, Fothergill and Harvey, a British maker of woven fabrics made from artificial fibres, has produced Tygermesh, *in which two layers of* glass fibre (woven in a net-like structure) hold in place in a sandwich arrangement strands of more expensive fibres such as carbon, silicon carbide or Kevlar (a polymeric fibre made by Du Pont).

Strategic Materials - Technologies to Reduce US Import Vulnerability, Office of Technology Assessment, US Government Printing Office, Washington DC 20402.

Worldwide Advanced Composite Materials Market, Frost & Sullivan, 104 Marylebone Lane, London W1M 5FU.

BAe/McDonnell Douglas AV-8B Harrier II—30 per cent of its airframe and wings are of composite material

Carbon composites finally find a niche

AFTER years as being hailed as a wonder material of the *future,* carbon-fibre composites are finding a niche in many areas of established industry.

World production of the fibres is dominated by two concerns, *Toray of Japan* and Hercules of the US, each of which accounts for about 30 per cent of sales. Other leading suppliers are Toho, Asahi and *Mitsubishi of* Japan, *Union* Carbide of the US and Hysol Grafil, a joint venture between Britain's Courtaulds and Dexter, a US company.

The fibre costs about $40 a kilogram. Composites based on a polymer resin (typically about 35 per cent of the total material) stiffened by fibre, *sell for about twice this.*

Normally, the carbon, either woven or laid in a unidirectional array, is fitted inside an autoclave in which resin is injected. *Curing* takes place at a high temperature and pressure.

Mr Brian Fullylove, marketing director of Coventry-based Hysol Grafil, says uses of carbon *fibre are beginning to grow.*

Besides the relatively well established areas of applications, customers for carbon fibre are appearing in factory auto*mation, in control levers and* robot arms for instance.

Fothergill and Harvey, in Summit, Lancashire, is one of several companies involved in the carbon-fibre business either as weavers of fabric or as suppliers of fibre impregnated resins.

Other weaving companies include Stevens Genin of France and Tencate of Holland; suppliers of the finished material (called "prepreg") include Ciba Geigy of Switzerland, and *3M, Hexel* and Fiberite of the US.

Mr John Burns, technical director of Fothergill Composites and Polymer Technologies, says carbon fibre has been slow to penetrate in Britain away from established markets. Fothergill sells carbon fibres for specialised vehicles such as racing cars, and aeroplanes, high-strength fishing rods and plates for X-ray machines.

Lighter 'metals' for engines and cables

METAL-MATRIX composites are under intensive study in *the aerospace industry, for* items such as struts, turbine blades and floor beams. Among the companies investigating the materials are Lockhead, Northrop, Vought Aeronautics and McDonnell Douglas.

Other uses are in the car *industry. Toyota, for* instance, has produced experimental aluminium/alumina composites for reinforcing the piston ring groove in diesel engines. The company is working on similar composites for the pistons themselves and for cylinder heads.

Copper composites could be useful in transmission lines which need to resist *high loads.* Lead reinforced with alumina could feature in battery plates which, in some cases, lack the strength to support their own weight.

By adding relatively small amounts of fibres to a metal such as aluminium, the metal's strength and thermal characteristics can be *improved so that it* competes with a high-performance (and expensive) material such as titanium.

Reinforcing an aluminium alloy can raise the tempera*ture it can withstand by about 100 deg C,* permitting its use in a greater variety *of applications, for instance* in part of a car or aeroplane close to the heat of an engine.

The US *National* Aeronautics and Space Administration is developing fibre-reinforced alloys that can be made into turbine blades capable *of resisting* temperatures of 1,200 deg C. The alloys are based on metals such as tungsten, cobalt and nickel.

UK lead for computer research

THE Royal Signals and Radar Establishment at Malvern is leading a £6.5m pan-European project to build a new generation of supercomputers.

Half the cash *for the three*-year programme is coming from the European Commission under the Esprit scheme intended to boost research and development in electronics.

***Other participants* in the supercomputer work are Inmos, Thorn EMI and Southampton University of Britain and Telemat, Apsis (two electronics *companies)* and Grenoble University in France.**

The supercomputer will be built from arrays of transputers, *which are new kinds* of microprocessors devised by Inmos.

The aim of the project is to build a machine capable of *processing 500m instructions* (known in computer jargon as floating point operations) a second. The hardware should cost a tenth of today's *machines of equivalent power.*

Guide lines

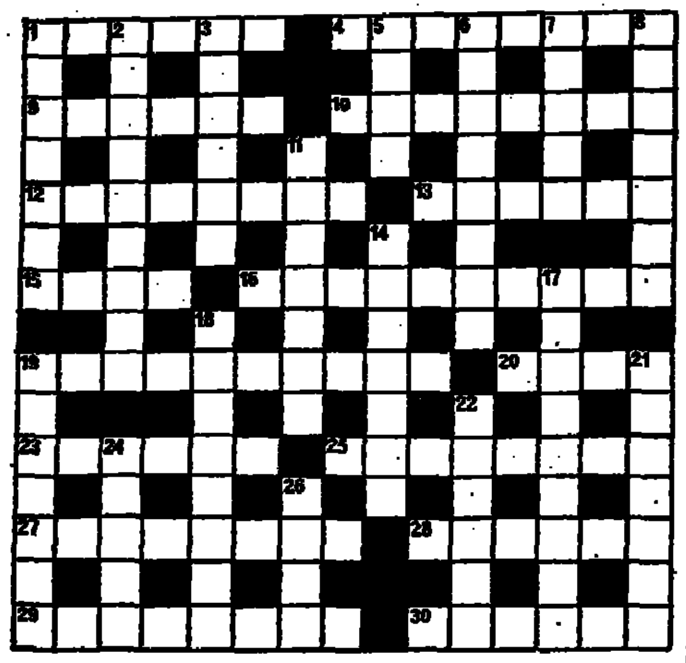
EOSYS, *information* technology consultancy, is attempting to produce a practical guide to the problems of cabling in buildings, now becoming *acute in many organisations* faced with installing all kinds of electronic equipment from telephone exchanges to word processors.

Sponsors for the programme include the Central Electricity Generating Board, Honeywell, MOD-TAP (a US cabling company), The Building Design Partnership, Project Office Furniture, ARI Propafloor, Sherfield (a construction company) and Credit Suisse First Boston.

Eosys will present its findings next spring.

More on 02814 5123.

FT CROSSWORD PUZZLE No 5,910



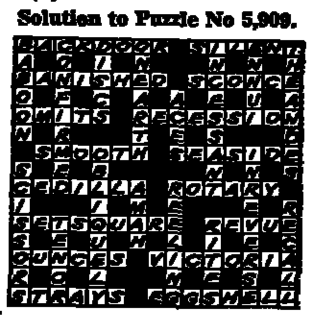
ACROSS

1 The edge of the field near the boundary (2-4)
4 Measure sexual grouping by spawn (8)
9 Put on an appearance of concern (6)
10 This evening out is important (8)
12 Getting the openers on the pitch is the crux (8)
13 That rubbish will accumulate flies before morning (6)
15 There's no note in the record. *Yes there is!* (4)
16 One member is in the bar, being co-operative (10)
19 Flat has passed—just (4-6)
20 Weak spot in female constitution (4)
23 Qualifications required for jockeys? (6)
25 Talent is halfway between ingenuity and effort (8)
27 Measure oxygen consumed from the beginning (8)
28 Glass company has a suggestion to circulate (6)
29 To arrange decoration, use one of the Yellow Pages (4, 4)
30 Insult with rotten tip (6)

DOWN

1 Support Conservative view for growth (7)
2 Note in baby clothing a designer of French standard (9)
3 Being close to central London could be said to mean distinction (6)
5 Afternoon refuge for common informer (4)
6 To cover cutter he has net woven (8)
7 In other words medical men go about producing cures (5)
8 Fighting unit has no time for administration (7)
11 About as old? About 101. *That is old!* (7)
14 Drink gave rise to Irishmen fighting (7)
17 Being alone in the ring requires patience (9)
18 Used to draw daily on fuel source (8)
19 Making a mistake about article connected with The Listener (7)
21 Progress planned is held up (7)
22 Upset by distasteful suggestion (3-3)
24 Noble twin has cold heart (5)
26 Walk *south* to major road (4)

Solution to Puzzle No 5,909.



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Oppenheimer Fund Mngt Ltd
66 Cannon St, London EC4N 6AE — Dlg. 01-236 3885

International Growth	110.4	117.6	..	1.30
Income & Growth	44.1	46.9		2.8
Special Situation	58.1	62.2		1.30
American Growth	28.7	30.5		1.90
Japan Growth	35.8	38.1	..	—
European Growth	48.6	51.9		2.50
UK Growth	44.0	47.0		1.4
Pacific Growth	33.1	35.3		2.0
High Income	30.0	32.0		7.6
Practical Income Units	44.1	46.9		2.70
Practical Accum. Units	79.8	84.3	..	2.70

Pearl Trust Managers Ltd (a)(g)
252 High Holborn, WC1V 7EB — 01-405 8441

Pearl Growth Fd.	70.0	74.5		2.86
Accum Units	103.5	110.1		2.86
Pearl Inc	95.7	101.8		4.85
Pearl Unit Tst	101.6	108.1		3.81
(Accum. Units)	174.0	185.1		3.81
Pearl Intl Equity	98.5	105.8		1.89
(Accum Units)	99.5	105.8		1.89

Perpetual Unit Trust Mngmt. (a)
48 Hart Street, Henley on Thames — 0491 576868

International Growth	218.2	234.3	+1.8	1.43
Income	156.9	165.9	+1.0	5.36
Worldwide Recovery	120.3	129.1	+0.2	2.13
American Growth	79.7	84.1	-0.5	1.08
Intl. Emerging Cos.	65.2	70.0	+0.1	0.73
Far East Growth Fd	53.3	57.2	-0.6	1.14

Prolific Unit Trusts
222 Bishopsgate, London EC2 — 01-247 7544/7

Prolific American Inc	50.4	53.4	+0.3	4.68
Prolific Far East	115.5	122.5	+0.5	0.26
Prolific Extra Inc	66.9	70.9	+0.6	5.78
Prolific Convert & Gilt	82.8	87.8	+0.4	7.18
Prolific High Inc	142.8	151.4	+1.3	5.03
Prolific Intl	91.4	96.9	+0.8	1.86
Prolific N. Amer	122.2	129.6	+2.1	1.97
Prolific Spec. Sits	155.3	164.7	+0.8	1.47
Prolific Technology	104.5	110.0	+0.6	0.59

Providence Capital Fd. Mgrs. Ltd
30 Uxbridge Road, London W12 8PG — 01-749 9111

Japan Inc.	54.7	57.9		0.00
Japan Acc	54.8	58.0		0.00
Worldwide Inc.	56.7	59.4		1.66
Worldwide Acc	56.3	59.6		1.66
European Fd Inc	67.0	71.0		0.76
European Fd Acc	67.3	71.3		0.76
North American Inc	51.9	55.0		1.74
North American Acc	51.9	55.0		1.74
UK Equity Inc	54.3	57.5		2.86
UK Equity Acc	55.5	58.8		2.86

Provident Mutual Unit Trust Managers Ltd.
25-31 Moorgate, London, EC2P 6BA — 01-588 3963

PM Capital Growth	50.0	(z)	2.50
PM Income & Growth	50.0	(z)	5.50

Prudential Unit Trust Mngrs Ltd (a) (b) (c)
51-59 Ilford Hill, Ilford, Essex IG1 2DL — 01-478 3377

Holborn Comm Trust		50.0		1.25
Holborn Equity Tst	345.9	367.9	+2.7	3.33
Holborn European Trust	64.9	68.9	+0.8	0.57
Holborn Gilt Tst	157.8	165.2	-0.3	7.95
Holborn High Inc	56.4	59.9	+0.3	7.06
Holborn Intl Growth	75.3	80.1	+0.4	0.93
Holborn Japanese Trust	58.1	61.9	+0.1	0.05
Holborn N. Amer. Trust	56.2	59.7	+0.2	2.05
Holborn Spec Sits	50.4	53.6	+0.5	2.35
Holborn UK Growth	69.1	73.5	+0.7	3.02

Quilter Management Co Ltd
31-45 Gresham Street, London EC2 — 01-600 4177

Quadrant Gen. Fd	352.5	375.1		3.58
Quadrant Income	196.4	209.0		5.00
Quadrant Intl. Fund	328.6	345.9	+1.3	1.37
Quadrant Spec. Sits	212.6	226.2		3.29

Reed Stenhouse Inv Services Ltd
145 Borough High St, London SE1 1NV — 01-628 6011

Wellington Inc	51.4	56.8	7.16
Wellington Growth	112.9	120.1	3.00

Reliance Unit Mgrs. Ltd
Reliance House, Tunbridge Wells, Kent — 0892 22271

Sun Life Trust Mngmt. Ltd
107 Cheapside, London EC2V 6DU — 01-606 [illegible]

American Growth Acc.	24.8	26.4	-0.1
American Income Acc.	25.6	27.2	-0.1
American Income Inc.	25.6	27.2	-0.1
European Growth Acc.	38.0	40.4	+0.8
Far East Growth Acc.	28.0	29.8	+0.3
Intl. Growth Acc.	27.1	28.8	+0.2
Japan Growth Acc.	34.3	36.5	+0.3
UK Growth Acc.	29.0	30.8	..
UK Income Acc.	26.6	28.3	+0.2
UK Income Inc.	26.6	28.3	+0.2
Managed Growth Acc.	30.4	32.3	+0.3
Managed High Yield Inc.	32.4	34.5	+0.4
Managed Income Inc.	27.4	29.1	+0.2

Swiss Life Pen. Tst. Man. Co Ltd (a)(c)
99-101 London Rd, Sevenoaks — 0732 450[illegible]

Equity Dist.*	232.3	245.8	....
Equity Acc.*	279.5	295.7	....
Fixed Int. Dist.†	116.0	120.2	...
Fixed Int. Acc.†	170.2	176.3	...

*Prices on Dec 11. Next dealing Jan 8
†Prices on Dec 4. Next dealing Jan 2

TSB Unit Trusts (b) (c) (y)
PO Box 3, Keens House, Andover, Hants SP10 1PG
0264 62188 — Dealings to 0264 634[illegible]

TSB American	98.9	105.3	(z)
Do Accum.	103.0	109.6	(z)
TSB Extra Income	89.2	94.9	(z)
Do Accum.	102.6	109.2	(z)
TSB General	136.1	144.8	(z)
Do Accum.	218.0	233.0	(z)
TSB Gilt & Fxd Int.	46.7	48.7	(z)
Do Accum	58.6	61.1	(z)
TSB Income	176.4	187.7	(z)
Do. Accum.	270.7	288.0	(z)
TSB Pacific	111.3	118.5	(z)
Do Accum	114.2	121.5	(z)
TSB International	250.8	266.9	(z)
Do. Accum.	307.9	327.6	(z)
TSB Natural Resources	42.0	44.7	(z)
Do. Accum.	42.8	45.6	(z)
TSB Sticd. Opps.	49.5	52.3	(z)
Do Accum.	54.0	56.9	(z)

3i Unit Trust Managers Ltd
2 St Mary Axe, London EC3A 8BP — 01-928 33[illegible]

Small Co's Fund	67.0	71.2	(z)

Target Trust Mngrs. Ltd (a)(g)
Target Hse, Gatehouse Rd, Aylesbury Bks — (0296) 59[illegible]

American Eagle	68.7	73.4
Australia	26.7	28.5
Commodity	73.6	79.1
Energy	37.6	40.2
Equity	104.2	111.4
European Spec. Sits	72.0	76.9
Extra Income	96.5	103.2
Financial	218.1	232.7
Gilt Income	97.7	102.4
Gold Income	51.8	55.4
Gold Acc.	94.4	101.0
Income	65.8	70.8
Japan	54.6	58.2
Malaysia & Singapore	17.9	19.1
Pacific Income	66.2	70.8
Pacific Re Inv	81.2	86.9
Preference Share	16.6	17.9
Special Sits	78.2	83.7
Technology	43.3	46.3
UK Capital	54.1	57.8
World Income Fund	47.9	51.3
Worldwide Capital	118.1	126.0
Equity Exempt Dec 17	66.8	71.2
Equity Ex Acc Dec 17	125.1	133.4

Touche, Remnant Unit Trust Mngt Ltd
Mermaid Hse, 2 Puddle Dock, EC4 — 01-248 125[illegible]

TR American Growth	31.1	33.5
TR General Growth	43.8	47.2
TR Global Tech.	33.2	35.7
TR Income Growth	50.1	53.9
TR Income Monthly	40.8	43.7
TR Japan Growth	25.6	27.3

Manufacturers Life Insurance Co (UK)
St George's Way, Stevenage — 0438 356101

Managed	301.2	317.1
Property	244.7	257.6
Equity	321.7	338.6
Gilt Edged	309.2	325.5
Deposit	178.5	187.9
Investment	136.0	142.8
International	269.4	283.6

Pension Fund Prices

Managed Init.	215.2
Do. Accum.	248.6
Property Init.	228.2
Do. Accum.	240.6
Equity Init.	237.2
Do. Accum.	273.8
Gilt-Edged Init.	196.9
Do. Accum.	227.5
Guaranteed Init.	139.3
Do. Accum.	161.0
International Init.	323.7
Do. Accum.	373.8
Index Lk. Gilt Init.	118.8
Do. Accum.	137.3

Merchant Investors Assurance
Leon House, 233 High St, Croydon — 01-686 9171

Property Growth Assur Co Ltd
Leon House, Croydon CR9 1LU — 01-680 0606

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

World Fund S.A.
2 Boulevard Royal, Luxembourg

World Fund NAV	$14.16		+0.11	—

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd.	14.31			—

Inv. Adv.: M. & G. Inv Mngt., Ltd., London.

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Advanced Tech	11.96			—
Dynamic Gwth Fd	10.91			—

Zero Bond Fund Limited
PO Box 208, St Peter Port, Guernsey 0481 26268

Zero Bond Fund	$10.56	11.36		

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund — 77 London Wall, London EC2N 1DB — 01-588 1815				
Deposit	11.15			3-Mth
The Money Market Trust — 63 Qu Victoria St, EC4N 4ST. — 01-236 0952				
Call Fnd	11.47	8.57	12.51	6mth
7-day Fnd	11.54	8.63	12.59	6mth
Oppenheimer Money Management Ltd — 66 Cannon St, EC4N 6AE. — 01-236 1425				
Call Fnd	11.05	8.28	12.04	6-Mth
7-day Fund	11.34	8.33	12.14	6-Mth
Dollar	6.94	—	—	6-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc — 22 Charlotte Sq, Edinburgh, EH2 4DF — 031-225 8484				
Full Service Chq Acc	11.00	8.00	11.78	Qtr
Aitken Hume — 30 City Road, EC1Y 2AY. — 01-638 6070				
Treasury Acc	11.00	8.22	12.11	Qtr
MIDi Int. Chq.	11.000	8.23	12.18	Mth
Allied Arab Bank Ltd — 97-101 Cannon St, London, EC4N 5AD — 01-283 9111				
HIBCA	11.50	8.60	12.78	Mth
Bank of Scotland — 38 Threadneedle St, EC2P 2EH. — 01-628 8060				
Money Mkt Cheque Acc	11.00	8.22	12.20	Mth
Barclays Prime Account — PO Box 125, Northampton — 0604 252891				
High Int. Cheque	11.00	8.25	12.3	Qtr
Britannia Investment Services Ltd. — 74-78 Finsbury Pavement, EC2A 1JD. — 01-588 2777				
Cater Allen	10.75	8.04	11.91	Mth
Charterhouse Japhet plc — 1 Paternoster Row, EC4M 7DH. — 01-248 3999				
Sterling	11.13	8.32	12.34	Mth
U.S. Dollar	7.25	7.25	7.50	Mth
German Marks	4.25	4.25	4.33	Mth
Swiss francs	1.50	1.50	1.51	Mth
Japanese Yen	5.00	5.00	5.12	Mth
Citibank Savings — St Martins Hse, Hammersmith Grove — 01-748 9251				
Money Market Plus		9.11	13.57	Mth
Co-operative Bank Cheque & Save — 78-80 Cornhill EC3 01-626 6543.				
£500-£2,500	9.50	7.10	10.41	Qtr
£2,500 +	12.06	9.02	13.33	Qtr
Dartington & Co Ltd — Dartington, Totnes, Devon TQ9 6JE. — 0803 862271				
Money Mkt Acc	11.00	8.22	12.11	Qtr
Edward Manson & Co Ltd — 9 Henrietta Place W1M 9AG — 01-631 3313				
Cheque Deposit Acc	11.50	8.59	12.76	Mth
Henderson/Bank of Scotland — 38 Threadneedle St EC2P 2EH — 01-628 8060				
Money Mkt. Cheque Acc	11.00	8.22	12.20	Mth
Legal & General (Money Mngrs) Ltd — 355 Euston Road, NW1 3AG — 01-388 3211				
High Int Dep Acc	11.64	8.70	12.70	6-mth
Lloyds Bank PLC — 71 Lombard St, London, EC3P 3BS. — 01-626 1500				
High Int Cheque Account	11.25	8.25	12.16	Qtr
Lombard North Central PLC — 17 Bruton St, W1A 3DH. — 01-409 3434				
14-Day Notice	11.500	8.596	12.280	—
M & G/Kleinwort Benson — 91-99 New London Rd, Chelmsford. — 0245 51651				
H.I.C.A.	11.00	8.22	12.21	Daily
Midland Bank plc — PO Box 2, Sheffield. — 0742 20999 Ext 8655				
High Int Chq Acc	10.70	8.00	11.92	Qtr
£10,000 +	11.10	8.30	12.39	Qtr
Oppenheimer Money Mngmt Ltd — 66, Cannon St, EC4N 6AE. — 01-236 1425				
Money Mngt. Acct	10.875	8.22	—	3-Mth
Phillips & Drew Trust Ltd — 120 Moorgate, London EC2M 6XP — 01-628 9771				
High Int Chq Acc	11.25	8.41	12.40	Qtr
Provincial Trust — 30 Ashley Rd, Altrincham, Cheshire — 061-928 9011				
Cheque Acc	11.50	8.60	12.79	Mth
Royal Bank of Scotland plc — 24 Lombard St, London EC3V 9BA — 031-557 0201				
Premium Account	11.0	8.22	12.11	Qtr
Save & Prosper/Robert Fleming — 28 Western Rd, Romford RM1 3LB. — 0708 66966				
H.I.B.A.	10.70	8.00	11.09	Daily
Tyndall & Co — 29-33 Princess Victoria St, Bristol. — 0272 732241				
Demand Acc	11.33	8.47	12.49	Qtr
Money Acc	11.03	8.25	12.15	Qtr
J. Henry Schroder Wagg & Co Ltd — Enterprise House, Portsmouth — 0705 827733				
Special Acc	10.20	7.62	11.27	Mth
Over £10,000	10.45	7.81	11.57	Mth
Western Trust & Savings Limited — The Moneycentre, Plymouth PL 1SE — 0752 24141				
High Int Chq Acc	11.63	8.69	12.83	Qtr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ● Yield column shows annualised rates of NAV increase. xd ex dividend.

OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	28	Marks & Spencer	13
BAT	26	Midland Bk.	35
BOC Grp.	27	NEI	10
BSR	8	Nat West Bk.	55
BTR	33	P & O Dfd	35
Babcock	13	Plessey	14
Barclays	33	Polly Peck	22
Beecham	30	Racal Elect.	15
Blue Circle	50	RHM	12
Boots	18	Rank Org Ord	35
Bowaters	30	Reed Intnl	60
Brit Aerospace	32	Sears	11
Brit. Telecom	17	TI	35
Brown (J.)	3½	Tesco	24
Burton Ord	45	Thorn EMI	34
Cadburys	13	Trust Houses	12
Charter Cons.	28	Turner Newall	9½
Comm Union	23	Unilever	90
Courtaulds	13	Vickers	35
Distillers	36	**Property**	
FNFC	12	Brit Land	14
Gen Accident	55	Land Secs	26
Gen Electric	14	MEPC	26
Glaxo	100	Peachey	24
Grand Met	36	Samuel Props	15
GUS 'A'	70	**Oils**	
Guardian	60	Brit. Oil & Min.	3½
GKN	20	Brit Petroleum	45
Hanson Tst.	18	Burmah Oil	27
Hawker Sidd.	36	Charterhall	4
ICI	42	Premier	5
'Imps'	16	Shell	55
Jaguar	27	Tricentrol	18
Ladbroke	27	Ultramar	18
Legal & Gen	60	**Mines**	
Lex Service	24	Cons Gold	40
Lloyds Bank	35	Lonrho	12
Lucas Inds	38	Rio T Zinc	50

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

A trying year for UK farming

British farmers will be glad to see the back of 1985 and are far from optimistic about prospects for the New Year. In his *Farmer's Viewpoint* column this week John Cherrington describes the challenges for UK agriculture

THIS HAS been a year most British farmers will be happy to forget. A savage winter lasted well into spring and evidence that summer was with us was provided only by the calendar. A combination of heavy rainfall and low temperatures destroyed many hay crops and, with the exception of a few favoured districts, made harvesting expensive. And those who accepted that cereal yields would keep on rising inexorably were sadly disappointed. To crown it all a severe autumn drought held back germination of some of the autumn sown cereals.

The only sector to have reaped any satisfaction from the situation must be the budget committee of the EEC. The British cereal harvest was at least 4m and possibly 5m tonnes less than in 1984. The quantity of grain in British intervention stores will be unlikely to exceed 7m tonnes at the end of the year instead of the 9m to 10m confidently predicted.

As a result cereal prices have remained at a reasonable level compared with last year and there have not been the floods of substandard grain for the livestock feeders to pick up at distressed prices. Farmers are hoping—rather wishfully, perhaps—that the commission will not be so determined as it was in the summer to reduce the cost of the cereal regime by price restraint, co-responsibility levies or other means.

Dairy farmers, meanwhile, have found that quotas are not as bad as they had been painted. Relieved from the constant pressure to increase output so as to reduce unit costs, they have found that by easing the intensity of their production systems they are making as much profit as before. They do not mind that the country's output is 2.25 per cent below quota; only the feed compounders and the milk processors are feeling the pinch.

Livestock farmers, especially in the North and West, have suffered from the atrocious weather and will be facing the cold New Year weather with depleted forage supplies and the prospect of lower support prices for beef with the phasing out of the beef price premium and a reduction in the returns for culled ewes exported to the Continent. Overall it can fairly be said that farmers have weathered the climatic storms of 1985 as any professionals should—with equanimity. Farming is a risk industry and the sun does not shine for ever. Unlike their counterparts in America and elsewhere British farmers are not inclined to over borrow and the industry as a whole is probably well in credit.

Nevertheless there is a mood of caution. Sales of tractors have been falling quite steeply over the last few months, partly in anticipation of the 100 per cent capital taxation allowance being reduced to 25 per cent by April 1986. Landlords' agents are not finding the triennial rent reviews easy going and some tenants are demanding, and being awarded, reductions.

On the face of it land prices are holding up well, with the averages close to those of a year ago. But the areas actually being sold are a third or less of those changing hands a couple of years ago. Away from the amenity areas close to the motorways, farms are very hard to sell. Land agents, normally the most optimistic reporters on values, are putting a note of caution in their reports and advising their clients to hold their farms off the market unless they really have to get the cash.

This is a very sensible attitude to take. Everyone in farming knows that the EEC is getting very short of money indeed; that the entry of Spain and Portugal will stretch financial resources still further and at the same time aggravate the surplus problems of almost everything; and that the Mediterranean sun could very soon bring serious problems to British horticulture.

But the immediate problems are also considerable. In spite of quotas Community milk production is about 12 per cent over consumption, which is gently falling. Dairy farmers must be expecting either a cut in quota or an increased co-responsibility levy to finance exports on to an increasingly over-supplied world market.

In spite of quotas there are still more than 1m tonnes of butter in EEC stores.

Cereal farmers know that, because of the fall in the value of the US dollar against the Ecu the 15 per cent of their production which has to be exported onto world markets gets more expensive week by week. The Commission now proposes that farmers should pay this cost themselves by means of a co-responsibility levy on grain traded, a measure which would hit the large UK farms very hard indeed. Similar prospects of cutting output are on the cards for beef and sugar.

The relatively large scale of farming units which gives British agriculture its structural advantages also reduces its political strength compared with the more numerous farming which smaller farms give the majority sectors of other European countries. It does seem now that the EEC Commission is increasingly favouring the smaller farmer at the expense of the larger—taking account of the political realities—as Mr Frans Andriessen, the EEC Agricultural Commissioner, told me the other day.

The reality that we on this side of the channel have to face is that about 15 per cent of our cereal, milk, beef and other production is just as redundant as any surplus mine, factory, or shipyard. A Happy New Year to all my readers.

Scottish agriculture in crisis

BY MARK MEREDITH

FARMING ON the fringes of Britain is in a precarious state. Poor market prices and awful weather have made 1985 one of the worst years for Scottish agriculture in living memory.

The implications of this year's economic troubles are likely to increase pressure on Central Government and the EEC to tackle the growing related social problems among farmers and farming communities in Scotland.

Farmers are good at complaining, but their protests this year appear well founded: Rainfall in the July to September period was 200 to 350 per cent above normal; about 80 per cent of the hay crop was destroyed; possibly 40 per cent of the grain harvest was left uncut; and soft fruit output was down 30 per cent, according the the National Farmers' Union of Scotland.

Some £7.7m of the Government's £16.9m weather aid package announced last month has been needed in Scotland.

The problems are worse than one wet summer. Prices for prime arable land in Scotland are down by between £800 and £1,000 an acre. Average farm prices are £1,400 to £1,500 an acre compared with £1,800 to £2,000 a year ago. The hill farmers with the poorer land have seen their property prices fall between 30 and 40 per cent, say estate agents Savills and Strutt and Parker.

"We are bracing ourselves for some casualties," said Mr Alex Harper of the Royal Bank of Scotland's farming section when asked about possible bankruptcies as farmers plan their overdraft requirements for the next year. According to the Scottish NFU borrowings were over £943m in May. This must be set against an overall expected loss of £150m this year. The net income for farmers in Scotland was £141m in 1984.

The weather aid package was accompanied by £5m in payments to hill farmers as part of an annual review of compensation for their disadvantaged position. Eighty-five per cent of Scotland is classified by the EEC as a Less Favoured Area. About half Scotland's 18,000 farms come under this heading.

The hill farmers are in the deepest trouble. They largely deal in breeding sheep and face a shortage of fodder with most of the hay crop washed out. Some are having to import hay from Canada for as much as £150 a tonne.

Selling their lambs to markets in the south is not easy at the best of times. Farmers in outlying areas or the Islands must often take their sheep to market on one day and take whatever price they can get.

The Highlands and Islands Development Board in Inverness has introduced a marketing scheme to provide more competition to the traditional buyers.

But prices have not been good. Lambs sold for fattening and calves have fetched 3.5 per cent to 14 per cent less this year compared with 1984. As farmers in more prosperous areas in the South have been encouraged to move out of dairy cattle some have moved into sheep, which has undermined prices for the hill farmer.

Many hill farmers depend on Government subsidies for up to 80 per cent of their income. To the Treasury they must represent an inexorably rising social cost.

But to allow these farms in peripheral areas to wither would accelerate the disintegration of rural communities in Scotland and raise the spectre of further depopulation.

Government assistance to these farmers is generally regarded in Scotland as one of the more efficient forms of aid as it goes to help a farmer instead of adding to a production surplus.

But many farmers and planners feel that other, more comprehensive assistance is needed.

In 1983 the Western Isles were declared an integrated development programme area by the EEC. Community assistance to farming and fishing were integrated with British Government aid to improve the infrastructure and encourage local industry.

The integrated approach seems to work. It ties in with the collective approach of the little local co-operatives which are taking shape in many communities pooling local resources and splitting profits.

The hill farmer meanwhile is encouraged to try his hand at other pursuits to supplement his farming income. A growing number have taken up fish farming while others may think of selling off some of their land for afforestation.

The Highlands and Islands Development Board would like the integrated development programme brought to most of the highlands. It will probably first be applied to Orkney and Shetland. If the Scottish NFU had its way, all of Scotland would be covered.

London tea prices firmer

THE AVERAGE price of medium grade tea was up 5p to 130p a kilo at yesterday's weekly London auction where demand, according to the Tea Brokers' Association, was "good and general." Average prices for quality and low medium grades were unchanged at 175p (nominal) and 93p a kilo. There were 35,873 packages on offer, including 4,200 in the offshore section.

The association said Brighter Assams were well supported at firm to dearer levels but plainer sorts were irregular and often cheaper. Brighter Africans were a strong feature at 4p-8p a kilo dearer. Ceylons also sold readily at firm to dearer rates. Demand for offshore offerings were fair but at lower prices.

● MOST OF Bangladesh's jute mills, main source of the country's foreign exchange, halted production at the weekend, when nearly 230,000 workers went on a three-day strike to demand higher wages. The strike was called after the Government backed away from earlier promises to raise wages retrospectively from June 1984 and pay all the accumulated arrears, according to the Jute Mills Workers' Federation. A Government announcement described the strike illegal and unjustified. It denied it had reneged on its promise, saying the issue of pay rises and other demands were still under review by a Ministerial committee..

● PRESIDENT Alan Garcia of Peru has ordered the Energy and Mines Ministry to study whether it should raise taxes on prifits of Southern Peru Copper Corp, Peru's leading copper producer. He said the Ministry should reveiw SPCC's profit remittances to see whether the US-owned company has recovered its investments. If so, it would pay more taxes. He gave no details. SPCC, 52.3 per cent owned by Asarco Inc, produced 245,253 tonnes of copper last year.

Drought hits Brazil's soya crop

BY ANN CHARTERS IN SAO PAULO

BRAZIL'S SEVERE drought has harmed its soyabean crop, but unlike the extensive damage inflicted to coffee there is still hope that late planting, possible up to next month, will boost the projection slightly.

Large tracts of Brazil's most productive soyabean growing regions in the centre and south of the country have been devastated by four months lack of rain, resulting in an estimated loss of 15 per cent in a harvest now expected to reach only 13.18m to 13.48m tonnes.

This is down from earlier projections of 15.8m tonnes. The Government's Crop Production Finance Company (CFP) made its new estimate based on field data collected in December.

Brazil's southernmost state and the leading producer of soyabeans, Rio Grande do Sul, has been particularly hard hit with crops now expected to yield between 4.3m to 4.4m tonnes, down from earlier projections of 5.1m to 5.2m tonnes. Last year, Rio Grande do Sul produced 5.7m tonnes out of a national crop of 18.2m tonnes.

Some Rio Grande do Sul farmers planted soyabeans two months ago only to see the soil dry out and with it their investment. Slightly to the north, in the state of Parana, farmers saw the drought hit their plants early when growth had reached only 30 cm

Parana, Brazil's second most important soyabean producing state, suffered more damage with estimates for this year's crop now running at 3.1m to 3.2m tonnes, down from 4.4m expected earlier.

The state of Mato Grosso do Sul, the country's newest and third ranking producer of soyabeans, expects a harvest of 1.5m to 1.6m tonnes down from 2.2m tonnes.

Sao Paulo state expects a reduced crop of 680,000 down from 963,000 tonnes. Even with late planting, crop volumes are likely to be down due to poor yields in a shorter growing season.

Prior to the onset of the drought government agricultural policy tried to discourage farmers from planting so much land to soyabeans given the depressed world prices. Now with damage to other grain crops of black beans, rice and maize as well the Government is more concerned with farmers' recovering from the disaster of the last two months.

The Brazilians are counting on record high world coffee prices to pay for necessary imports of food crops next year to make up shortages to domestic supply. The Minister of Commerce and Industry Mr Roberto Gusmao estimated late last week that coffee exports could earn US$4bn in 1986, an increase of 53 per cent or $1.4bn over this year's result. The Brazilian Coffee Institute has put off once again releasing its official estimate for the coming coffee crop.

US peanut harvest nears record level

BY MARY FRINGS IN DALLAS

US FARMERS have grown 1.95m tonnes of peanuts this year, close to the 1984 record of 1.998m tonnes (in shell), the US Department of Agriculture (USDA) estimates.

Most of the harvest was safely under cover before the November hurricane hit the south-east and, although rain produced ugly black spots on the shells of some peanuts still in the open, the kernels were undamaged.

US domestic peanut consumption is expected to rise to 1.499m tonnes in the current marketing year, which runs to the end of July, 1986. This compares with 1.24m tonnes in 1984/85. Per capita consumption is officially estimated at about 9lbs per person, almost half of it in peanut butter.

For the first time since 1980/81, when drought severely restricted supplies, US peanut exports are forecast to remain static at 390,000 tonnes, instead of continuing to increase by an annual average of 14 per cent.

Although the US hopes to increase exports of peanut oil, the outlook for eating peanuts is not expected to improve in the near future, as demand from major customers such as Canada, Japan and some European countries is showing no growth. The USDA says abundant world supplies, coupled with anticipation of weaker prices in dollar terms and more favourable European exchange rates, has kept contract buying to a minimum this summer.

The new US Farm Bill has extended the two tier price system for peanuts, despite early attempts to substitute a market-oriented programme. The 1986 price support level for "quota" peanuts, based on average national consumption, is essentially the same as this year at $559 a tonne in shell, adjusted by the change in the parity index from 1981 to 1985. From 1987 to 1990 the quota price will be tied to increases in production costs up to a 6 per cent ceiling.

For additional peanuts (i.e., those produced in excess of the quota) the base price also remains the same at $148 a tonne.

LONDON MARKETS

THE COFFEE futures market remained the liveliest performer on the London commodities scene yesterday as technical reverberations continued in the aftermath of the recent upsurge. The March position, which on Friday lost £186 of the earlier Brazilian drought-inspired £1,100 gain, opened sharply lower again yesterday, in line with the pre-weekend tone in New York, and at one stage sank to £2,455 a tonne, £112.50 below Friday's London close. But at that point a substantial number of operators decided that th reaction been overdone and renewed buying was encouraged as dealers reminded themselves that the Brazilian crop fears which had sparked the preceding rise were still valid. The March position climbed to £2,605 a tonne, up £37.50, at one stage before closing £36.50 down at £2,531 a tonne. Other soft commodity markets were quiet and on the London Metal Exchange values were generally little changed from the pre-holiday levels. Strongest among the base metals markets was aluminium where light buying interest found the market rather thin and the cash quotation gained £5.75 to £757.50 a tonne.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	757-8	+5.75	758/753
3 months	782-.5	+7.5	783/777

COPPER

LEAD

NICKEL

ZINC

GOLD

SILVER

MEAT

COCOA

COFFEE

Jan.			
March	2630-32	—38.5	2685-455
May	2601-02	—3.9	2665-520
July	2668-70	+26.6	2720-565
Sept	2730-40	—4.5	2778-630
Nov	2770-75	+27.5	2790-585
Jan	2760-85	+37.5	2880

Sales: 9,438 (9,069) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for December 27: Comp daily 1979 193.39 (205.13); 15-day average 176.25 (173.40).

FREIGHT FUTURES

The market opened higher as traders reacted to reports of firmer physical levels following the Christmas break. Trade sources were once again showing interest in covering further forward with activity being evident on long April and October, reports Clarkson Wolff. The Baltic Freight Index was 895.5, up 1.5 points.

	Close	Prev.	High/Low
Jan.	896/894	892/890	896/895
April	963/960	955-953	968/955
July	840/833	835/834	—
Oct.	922/919	919/916	—
Jan.	927/918	925/918	—
April	1008/1000	1005/1000	1000-1005
July	900/860	890/860	—
Oct.	1000/985	1000/985	985-985

Turnover: 117 (—).

GRAINS

SUGAR

POTATOES

The market opened unchanged before rallying 90p-£1.10 on the back of adverse weather considerations. Good selling interest at the old resistance levels of £94.00 and £100.00 on April and May respectively turned prices back again with the market drifting down towards unchanged in quieter trade, with the prospect of milder conditions over the next few days influencing sentiment, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Feb	80.00	79.50	—
Apr	93.30	93.00	93.90-93.00
May	99.40	98.70	99.80-98.50
Nov	77.60	76.00	—

Sales: 180 (219) lots of 40 tonnes.

SOYABEAN MEAL

OIL

Turnover: 0 (0) lots of 1,000 barrels.

Brent prices were firmer in sparse trade. Other crudes were neglected. Nymex WTI for February opened 5c up but traded 30c down at 1.30 pm EST. Within the petroleum products market naptha and gas oil opened firmer in thin trade, though gas oil fell back slightly at the close influenced by weaker futures. Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—Jan.		
Arab Light	27.70-27.80	—0.05
Arab Heavy	25.45-25.55	—0.30
Dubai	26.00-26.05	+0.025
Brent Blend	28.45-28.55	—0.10
W.T.I. (1pm est)	28.75-28.80*	+0.10
Forcados (Nigeria)	26.90-27.10	+0.20
Urals (cif NWE)	—	—

GAS OIL FUTURES

RUBBER

INDICES

FINANCIAL TIMES

REUTERS

DOW JONES

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

US MARKETS

PRECIOUS METAL markets traded mixed with South African violence helping to support gold and platinum values, reports Heinold Commodities. Copper and aluminium came under light pressure on profittaking and trade selling. The lack of fresh news limited speculative interest in sugar. Cocoa traded in a featureless fashion with light manufacturer pricing providing light support. Coffee remained steady to firm with buying evident in the nearby on an oversold condition. Cotton came under pressure from trade selling and profittaking in anticipation of better cash movement, heating oil eroded in very thin trade as refiner support was lacking given the advance of fresh fundamental feature. Lack of rain in Brazil firmed soyabeans. Maize was steady, lacking fresh fundamental feature and wheat attracted light profittaking following last week's advance.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
Jan	51.65	—	—	51.40
Feb	51.95	—	—	51.85
March	51.75	52.45	51.75	52.05
May	52.45	52.65	52.45	52.65
July	53.50	—	—	53.25
Sept	54.25	—	—	54.00
Jan	55.60	—	—	55.35
March	56.25	—	—	56.00
May	56.80	—	—	56.55

HEATING OIL 42,000 US gallons, cents/US gallons

	Close	High	Low	Prev
Jan	80.80	82.75	80.60	82.45
Feb	79.20	81.00	78.93	80.93
March	74.60	76.40	74.45	76.26
April	69.50	71.00	69.50	70.84
May	66.35	67.20	66.50	67.05
June	65.00	65.50	65.25	66.30
July	64.50	65.60	64.50	65.80
Aug	4.25	64.50	64.25	65.25
Sept	—	—	—	65.60
Oct	—	—	—	65.60

CHICAGO

WHEAT

	Close	High	Low	Prev
March	345.0	347.0	343.0	345.2
May	324.4	325.6	322.4	325.6
July	291.0	294.0	289.4	293.4
Sept	291.0	292.2	289.6	293.2
Dec	301.4	302.2	300.4	303.4

SPOT PRICES—Chicago loose lard 17.00 (17.00) cents per pound. Handy and Harman silver bullion 586.5 (579.0) cents per troy ounce.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar hits 2½-year low

The dollar fell to a new 2½-year low in thin and erratic foreign exchange trading yesterday. A rise of only 0.1 per cent in November US leading indicators was below market expectations and underlined the recent sluggish growth in the US economy, but had little impact. In early European trading the dollar fell to a low of DM 2.4550, but found support from commercial buying at that level, and finished well above the day's low.

The US currency closed at DM 2.4630, the lowest level since May 18, 1983, compared with DM 2.4720 on Friday, and also fell to FFr 7.5625 from FFr 7.5850; SFr 2.0790 from SFr 2.0875; and Y201 from Y202.20.

On Bank of England figures the dollar's index fell to 125.8 from 126.3.

STERLING — Trading range for 1985 is 1.4885 to 1.0525. November average 1.4408. Exchange rate index rose 0.1 to 78.0. It opened at 78.1, the highest level of the day, and fell to a low of 77.8 at 1 pm.

Sterling showed small mixed changes, improving slightly against the dollar, but losing ground to other major currencies. The pound gained 10 points to $1.4385-1.4395, but fell to DM 3.5450 from DM 3.5550; FFr 10.8825 from FF 10.9075; SFr 2.9925 from SFr 3.00; and Y289.25 from Y290.75.

D-MARK — Trading range against the dollar in 1985 is 3.4510 to 2.4630. November average 2.5926. Exchange rate index 131.5 against 122.4 six months ago.

The D-mark gained ground against the dollar in nervous end of year trading. The US currency fell to DM 2.4645 in Frankfurt from DM 2.48 on Friday. Attempts to push the dollar lower met strong resistance at DM 2.4550, soon after German banks began trading in the morning. A spokesman for the German Bundesbank would not comment on possible intervention by the central bank, but it was suggested the central bank bought dollars forward on Friday. There was no sign of intervention yesterday, and also no pressure in the European Monetary System in spite of the strength of the D-mark. Earlier in the day the Bundesbank did not intervene when the dollar was fixed at DM 2.4617 compared with DM 2.4885 on Friday.

JAPANESE YEN — Trading range against the dollar in 1985 is 263.15 to 200.70. November average 203.97. Exchange rate index 177.4 against 155.1 six months ago.

The yen improved against the dollar in thin trading. The US currency fell to Y201.10 in Tokyo from Y202.92 on Friday. During the afternoon the US currency touched a one month low of Y201. Dealers said that the dollar's fall through the DM 2.50 level could be expected to produce the rate against the yen of less than Y200, but in the present thin trading operators were tempted to take profits. Japanese banks are also thought to be short of dollars, and holidays in Tokyo will continue for three days from January 1. Trading is expected to remain quiet today, and limited to end of year commercial transactions, before the market resumes on January 6.

£ IN NEW YORK

	Dec. 30	Prev. close
£ Spot	$1.4380-1.4389	$1.4460-1.4475
1 month	0.41-0.37pm	0.39-0.38pm
3 months	1.25-1.20pm	1.22-1.19pm
12 months	4.50-4.45pm	4.53-4.43pm

Forward premiums and discounts apply to the U.S. dollar.

POUND SPOT—FORWARD AGAINST POUND

Dec 30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4330-1.4500	1.4385-1.4395	0.44-0.41c pm	3.54	1.31-1.28pm	3.60
Canada	2.0080-2.0230	2.0088-2.0188	0.42-0.32c pm	2.20	1.26-1.11pm	2.34
Nethlnd.	3.98-4.02	3.99-4.00	2¼-1⅞c pm	6.01	5¾-5¼pm	5.63
Belgium	72.15-72.90	72.40-72.50	15-8c pm	1.90	37-27pm	1.77
Denmark	12.90¼-12.98¼	12.90¼-12.91¼	3½-2ore pm	2.60	8⅞-7¾pm	2.56
Ireland	1.1590-1.1635	1.1605-1.1615	0.19-0.06p pm	1.29	0.18d-0.05pm	-0.22
W. Ger.	3.53¾-3.55¾	3.54-3.55	2¼-1⅞pf pm	6.77	6-5¾pm	6.56
Portugal	226.30-229.90	226.64-229.84	200-560c dis	-19.98	490-1350dis	-16.04
Spain	221.40-222.55	221.61-222.35	20-105c dis	-3.38	175-265dis	-3.87
Italy	2405½-2432	2416½-2418½	10-16lire dis	-6.45	28-34dis	-5.13
Norway	10.90-10.95	10.91¾-10.92¾	½-1½ore dis	-0.96	2⅞-4¾dis	-1.32
France	10.83½-20.91	10.87½-10.88½	½-1½c dis	-0.96	2¾-4⅞dis	-1.38
Sweden	10.91½-10.98	10.93½-10.94½	¼-1½ore dis	-1.30	2½-3¼dis	-1.05
Japan	288½-291½	288½-289½	1½-⅞ore pm	4.15	3¾-3½pm	5.01
Austria	24.88-25.02	24.92-24.98	10½-8⅞gro pm	4.66	31½-28pm	4.80
Switz.	2.97½-3.00½	2.98½-2.99½	2-1⅝c pm	7.52	5¾-5¼pm	7.27

Belgian rate is for convertible francs. Financial franc 73.10-73.20. Six-month forward dollar 2.60-2.55c pm. 12-month 4.70-4.55c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Dec 30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4330-1.4500	1.4385-1.4395	0.44-0.41c pm	3.54	1.31-1.28pm	3.60
Ireland†	1.2385-1.2460	1.2405-1.2420	0.28-0.18c pm	2.23	1.15-0.95pm	3.39
Canada	1.3975-1.4005	1.3980-1.3990	0.13-0.16c dis	-1.24	0.40-0.45d	-1.22
Nethlnd.	2.7650-2.7810	2.7745-2.7765	0.61-0.58c pm	2.57	1.51-1.48pm	2.15
Belgium	50.15-50.40	50.30-50.40	6-8c dis	-1.67	18-23dis	-1.67
Denmark	8.94½-8.99½	8.97-8.97½	½ore pm-½ dis	-0.17	½-1½dis	-0.39
W. Ger.	2.4550-2.4680	2.4625-2.4635	0.73-0.68pf pm	3.44	1.90-1.85pm	3.05
Portugal	158-159¼	158-159	150-350c dis	-18.93	450-1000d	-18.30
Spain	153.90-154.40	154.20-154.30	60-105c dis	-6.42	225-300dis	-6.81
Italy	1673-1686½	1679½-1680½	15-17lire dis	-11.41	36-40dis	-9.03
Norway	7.58-7.59¼	7.58½-7.59	2½-3ore dis	-4.36	8¾-9¼dis	-4.68
France	7.53-7.56½	7.56-7.56½	2¼-3¼c dis	-4.76	8-11dis	-5.29
Sweden	7.58-7.62	7.59¾-7.60¼	2¾-3¼ore dis	-4.74	8¼-8¾dis	-4.49
Japan	200.50-201.35	200.95-201.05	0.17-0.11y pm	0.84	0.52-0.42pm	0.93
Austria	17.28-17.35	17.29-17.31	1⅛-1gro pm	0.85	6½-4pm	1.21
Switz.	2.0690-2.0820	2.0785-2.0795	0.75-0.68c pm	4.16	1.96-1.92pm	3.75

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 50.80-50.90.

EXCHANGE CROSS RATES

Dec 30	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.439	3.548	289.3	10.88	2.993	3.995	2418.	2.014	72.45
$	0.695	1.	2.465	201.0	7.563	2.079	2.775	1600.	1.399	50.35
DM	0.282	0.406	1.	81.59	3.070	0.844	1.127	681.9	0.568	20.44
YEN	3.457	4.975	12.26	1000.	37.62	10.35	13.81	8358.	6.962	250.5
F Fr.	0.919	1.322	3.258	265.8	10.	2.750	3.671	2221.	1.850	66.57
S Fr.	0.334	0.481	1.185	96.66	3.637	1.	1.335	807.9	0.673	24.21
H Fl.	0.250	0.360	0.887	72.40	2.724	0.749	1.	605.1	0.504	18.14
Lira	0.414	0.595	1.466	119.6	4.502	1.238	1.653	1000.	0.833	29.97
C $	0.497	0.715	1.760	143.6	5.404	1.486	1.984	1200.	1.	35.98
B Fr.	1.380	1.986	4.893	399.2	15.02	4.130	5.514	3337.	2.780	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belg Fr per 100.

EURO-CURRENCY INTEREST RATES

Dec. 30	Short term	7 Days notice	1 Month	Three Months	Six Months	One Year
Sterling	11⅝-11¾	11⅝-11¾	11⅞-11¾	11⅞-11⅞	11⅞-11⅞	11⅝-11¾
U.S. Dollar	8-8⅛	8⅛-8⅛	8⅛-8⅛	7⅞-8⅛	7⅞-8⅛	7⅞-8⅛
Can Dollar	9-9½	9⅛-9⅝	9-9¼	9⅛-9⅝	9⅛-9⅛	9-9¼
D Guilder	5⅞-5⅞	5⅞-5⅞	5¾-5⅞	5⅞-5⅞	5⅞-5⅞	5⅞-6
Sw. Franc	2-2¼	2-2¼	4-4⅛	4⅛-4⅛	4⅛-4⅛	4⅛-4¼
Deutschmrk	7¾-8	4¾ 6	4¾-4⅞	4¾-4⅞	4¾-4⅞	4⅞-4⅞
Fr. Franc	9-9½	10-10½	12¼-12¾	13¼ 13¾	13¼-13¾	12-12⅝
Italian Lire	12-16	12⅞-19⅛	17½-19⅝	16⅞-18⅛	16⅞-17⅛	14⅞-16
B.Fr.(Fin)	9-9¼	9⅜-9⅝	9⅝-9⅞	9⅝-9⅞	9¼-9⅛	9-9¼
Br.Fr(Con)	9¼-9¾	9¼-9¾	9⅞-10	9⅞-10	9⅛-9⅝	9-9¼
Yen	8-8⅛	7⅞-8⅛	7⅛-7⅞	6⅛-6⅛	6⅞ 6⅞	6⅛-6½
D. Krone	8⅛-9	8⅝-9⅛	8⅝-9⅛	8¾-9¼	8¾-9¼	8¾-9¼
Asian $ (Sng)	10-10¼	8⅛-8⅛	8⅛-8⅛	7⅞-8⅛	7⅞-8⅛	7⅞-8⅛

Long-term Eurodollars: Two years 8¼-8½ per cent; three years 8¾-9 per cent; four years 9-9¼ per cent; five years 9¼-9½ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others two days' notice.

CURRENCY MOVEMENTS

Dec. 30	Bank of England Index	Morgan Guaranty Change %
Sterling	78.0	-13.2
U.S. dollar	125.8	+15.3
Canadian dollar	80.7	-11.6
Austrian schilling	122.2	+6.2
Belgian franc	93.0	-9.5
Danish Kroner	83.9	-2.3
Deutsche mark	131.5	+12.1
Swiss franc	151.3	+12.3
Guilder	121.3	+7.3
French franc	70.0	-11.5
Lira	45.3	-19.3
Yen	177.4	+29.8

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

CURRENCY RATES

Dec. 30	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.761787	0.616286
U.S.$	7½	1.09583	0.887451
Canadian $	9.49	*	1.24110
Austria Sch.	4	18.9907	15.3618
Belgian Fr	9¾	55.1394	44.5966
Danish Kr	7	9.8559	7.96176
D'mark	4	2.69760	2.18402
Guilder	5	3.04093	2.46081
French Fr	9½	8.28557	6.70025
Lira	15½	N/A	1489.59
Yen	5	220.700	178.289
Norway Kr.	8	8.31954	6.71933
Span'h Pta.	—	168.922	136.889
Swedish Kr	10½	8.34529	6.74019
Swiss Fr	4	2.27549	1.84102
Greek Dr'ch	20½	162.764	131.405
Irish Punt	—	N/A	0.713672

* C$/SDR rate for Dec 27: 1.52848.

OTHER CURRENCIES

Dec. 30	£	$
Arg'tina	1.1516-1.1543	0.8000-0.8010
Aus'alia	2.1120-2.1160	1.4660-1.4680
Brazil	14,988-15,075	10,415-10,465
Finland	7.7930-7.8160	5.4225-5.4245
Greece	211.75-216.10	146.75-149.75
H'kong	11.2157-11.2257	7.8050-7.8150
Iran	120.50*	84.90*
Kuwait	0.4165-0.4175	0.28948-0.28958
Lux'burg	72.40 72.50	50.30-50.40
Malay'as	3.4920-3.5020	2.4300-2.4350
N'Z'land	2.8685-2.8785	1.9900-1.9980
Saudi Ar.	5.2555-5.2600	3.6499-3.6503
Sin'pore	3.0248-3.0348	2.1050-2.1100
S.Af.(Cm)	3.7185-3.7330	2.5840-2.5940
S.Af. (Fn)	5.2530-5.4300	3.6365-3.7735
U.A.E.	5.2865-5.2935	3.6715-3.6735

* Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu December 30	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.8320	44.5966	-0.53	+1.02	±1.5425
Danish Krone	8.12857	7.96176	-2.05	-0.50	±1.6421
German D-mark	2.23840	2.18402	-2.43	-0.88	±1.1455
French Franc	6.86402	6.70025	-2.39	-0.84	±1.3654
Dutch Guilder	2.52208	2.46081	-2.43	-0.88	±1.5162
Irish Punt	0.724578	0.713672	-1.51	-0.04	±1.6673
Italian Lira	1520.60	1489.59	-2.04	-1.51	±4.0856

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

STERLING INDEX

	Dec 30	Previous
8.30 am	78.1	78.0
9.00 am	78.0	78.1
10.00 am	78.0	78.1
11.00 am	78.0	78.2
Noon	77.9	78.0
1.00 pm	77.8	78.0
2.00 pm	77.9	77.8
3.00 pm	77.9	77.9
4.00 pm	78.0	77.9

FUTURES AND OPTIONS

Dollars contracts ease

Euro-dollar prices lost ground in the London International Financial Futures Exchange yesterday in rather quiet and featureless trading. The March contract opened at 92.30 and stayed between 92.31 and 92.29 for much of the morning. US leading economic indicators showed a rise of just 0.1 per cent compared with market expectations of a 0.5 per cent increase, and this encouraged some good buying although this was never described as reaching aggressive levels.

Prices came off the day's highs as the lack of volume precluded any folow through buying and after touching a high of 92.33, the March price fell away to finish at 92.29 down from 92.35 on Friday.

There appeared to be very little incentive to trade ahead of the year ed with further incentive to remain on the sidelines provided by the market's lack of consensus on the timing of the Federal authorities next cut in the discount rate.

US Treasury bond prices opened lower but recovered lost ground on news of the disappointing rise in US leading economic indicators. Values fell back later in the day however so that after an opening price of 85-11 and a high of 85-22, the March price closed at 85-10 down from 85-20 on Friday.

Sterling based futures held steady during the morning, reflecting the pound's early rise followed by a weaker trend. Sterling finished little changed on the day and in view of the low volume, three-month sterling deposits finished unchanged for March delivery at 88.43.

Gilt prices opened at 111-15 for March delivery, unchanged from Friday's close and traded in a narrow range before finishing at 111-10.

CURRENCY FUTURES

POUND — $ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.4390	1.4348	1.4261	1.4133	1.3928

IMM—STERLING $s per £

	Latest	High	Low	Prev
March	1.4280	1.4330	1.4250	1.4345
June	1.4150	1.4190	1.4140	1.4215
Sept	1.4050	1.4065	1.4035	1.4105

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
March	1.4300	1.4310	1.4275	1.4240
June	1.4170	—	—	1.4115
Sept	1.4060	—	—	1.4005

Est. Volume 31 (15)
Previous day's open int. 1,880 (1,880)

LIFFE—DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
March	0.4080	0.4083	0.4076	0.4068
June	0.4121	—	—	0.4099

Est. Volume 16 (2)
Previous day's open int. 171 (171)

LONDON

LONDON SE £/$ OPTIONS £12,500 (cents per £1)

Strike price	Calls—Last Jan	Feb	Mar	June	Sept	Puts—Last Jan	Feb	Mar	June	Sept
1.20	—	—	24.10	24.00	—	—	—	0.15	0.25	—
1.25	—	—	19.10	19.00	19.10	—	—	0.20	0.60	1.40
1.30	—	—	14.10	14.10	14.10	—	—	0.35	1.20	2.20
1.35	9.10	9.20	9.15	9.60	10.20	0.10	0.40	0.85	2.30	3.50
1.40	4.20	4.90	5.30	6.20	7.00	0.25	1.25	2.15	4.20	5.80
1.45	0.85	2.00	2.50	3.85	4.90	2.00	3.45	4.80	6.90	8.50
1.50	0.15	0.70	1.00	2.25	2.90	6.10	7.15	8.10	10.10	11.60

Previous day's open int. Calls 7,005, Puts 8,264
Today's volume, 84

PHILADELPHIA SE £/$ OPTIONS £12,500 (cents per £1)

Strike price	Calls—Last Jan	Feb	Mar	June	Sept	Puts—Last Jan	Feb	Mar	June	Sept
1.20	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
1.25	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
1.30	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
1.35	—	—	—	—	—	—	0.25	—	—	—
1.40	—	—	—	—	—	0.25	1.10	2.10	—	—
1.45	0.60	—	2.45	—	—	1.75	—	—	—	—
1.50	—	—	0.95	2.00	—	—	—	—	—	—

Previous day's open int. Calls 58,728, Puts 42,304
Volume (mid-day), Calls 1,210, Puts 127

NOTICE OF REDEMPTION

APS Finance Company N.V.

US$25,000,000
16% Guaranteed Debentures
Due 1989

Notice is hereby given that APS Finance Company N.V. has elected to redeem all of its outstanding 16% Guaranteed Debentures Due 1989 (the "Debentures") on February 15, 1986, at the Redemption Price of 101% of their principal amount, together with accrued interest to such date.

On February 15, 1986, the Redemption Price will become due upon all Debentures, and interest thereon shall cease to accrue on and after said date. All Debentures, together with all coupons appertaining thereto maturing on or after February 15, 1986, are to be surrendered for payment of the Redemption Price at the Corporate Trust Office of Bankers Trust Company in the Borough of Manhattan, The City of New York, or at the main offices of any one of 1) Bankers Trust Company in London, 2) Bankers Trust Company in Paris, 3) Bankers Trust GmbH in Frankfurt am Main, 4) Bankers Trust A.G. in Zurich, 5) Banque du Benelux S.A. in Brussels and 6) Banque Indosuez Luxembourg in Luxembourg. The Debentures will be payable on or after February 18, 1986 at any one of the paying agents listed above.

This redemption is to be carried out pursuant to the provisions of the sixth paragraph of the form of Debenture, and all conditions precedent to redemption pursuant thereto have occurred.

APS Finance Company N.V.
By: Bankers Trust Company
as Trustee

December 31, 1985

NOTICE OF REDEMPTION

APS Finance Company N.V.

US$75,000,000
16¼% Guaranteed Debentures
Due 1989

Notice is hereby given that APS Finance Company N.V. has elected to redeem all of its outstanding 16¼% Guaranteed Debentures Due 1989 (the "Debentures") on February 1, 1986, at the Redemption Price of 101% of their principal amount, together with accrued interest to such date.

On February 1, 1986, the Redemption Price will become due upon all Debentures, and interest thereon shall cease to accrue on and after said date. All Debentures, together with all coupons appertaining thereto maturing on or after February 1, 1986, are to be surrendered for payment of the Redemption Price at the Corporate Trust Office of Bankers Trust Company in the Borough of Manhattan, The City of New York, or at the main offices of any one of 1) Bankers Trust Company in London, 2) Bankers Trust Company in Paris, 3) Bankers Trust GmbH in Frankfurt am Main, 4) Bankers Trust A.G. in Zurich, 5) Banque du Benelux S.A. in Brussels and 6) Banque Indosuez Luxembourg in Luxembourg. In accordance with Section 110 of the Indenture, dated as of February 1, 1982, relating to the Debentures, the Debentures will be payable on or after February 3, 1986 at any one of the paying agents listed above.

This redemption is to be carried out pursuant to the provisions of the sixth paragraph of the form of Debenture, and all conditions precedent to redemption pursuant thereto have occurred.

APS Finance Company N.V.
By: Bankers Trust Company
as Trustee

December 31, 1985

£ WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on December 30, 1985. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non commercial rate; (nom) nominal; (o) official rate; (sg) selling rate; (c) controlled rate; (u) unified rate.

COUNTRY	CURRENCY	VALUE OF £ STERLING
Afghanistan	Afghani	99.00
Albania	Lek	10.13
Algeria	Dinar	(A)6.90
Andorra	French Franc	10.8825
	Spanish Peseta	221.96
Angola	Kwanza	42.7420
Antigua	E. Caribbean $	3.89
Argentina	Austral	1.1530
Australia	Australian $	2.1140
Austria	Schilling	24.95
Azores	Portuguese Escudo	228.24
Bahamas	Ba. Dollar	1.4390
Bahrain	Dinar	0.5455
Balearic Isles	Spa Peseta	221.96
Bangladesh	Taka	44.24
Barbados	Barbados $	2.8965
Belgium	B. Franc	(cm) 72.45
		(fn) 73.15
Belize	B $	2.88
Benin	C.F.A. Franc	544.13
Bermuda	Bda $	1.4390
Bhutan	Ngultrum	17.31
Bolivia	Bolivian Peso	(o) 2849280.0

MONEY MARKETS

UK rates little changed

Interest rates were barely changed in London yesterday. There appeared to be little incentive to trade actively ahead of the new year and what movement there was seemed confined to overnight money. The latter commanded up to 11⅞ per cent at one point before subsiding to around 5 per cent. Three-month interbank was quoted at 11⅞-11⅞ per cent unchanged from Friday while three-month eligible bank bills were bid at 11⅛ per cent compared with 11¼ per cent.

> UK clearing banks base lending rate 11½ per cent since July 30

The Bank of England forecast a shortage of around £1,600m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £1,013m and the unwinding of previous sale and repurchase agreements a further £278m. In addition banks brought forward balances £245m below target and Exchequer transactions accounted for £510m. These were partly offset by a fall in the note circulation of £430m.

To help alleviate the shortage, the Bank offered an early round of assistance which totalled £310m and comprised outright purchases of £22m of eligible bank bills in band 2 at 11⅛ per cent and in band 3 £8m of Treasury bills and £30m of eligible bank bills all at 11¼ per cent. In band 4 it bought £2m of local authority bills and £248m of eligible bank bills at 11⅛ per cent. The forecast was later revised to a shortage of around £1,500m before taking into account the early help and the Bank gave further assistance of £699m. This comprised purchases of £102m of eligible bank bills in band 1 at 11⅜ per cent, £141m in band 2 at 11⅛ per cent, £123m in band 3 at 11¼ per cent and £118m in band 4 at 11⅛ per cent.

The authorities also arranged sale and repurchase agreements on £215m of bills at 11⅜-11¼ per cent, unwinding on January 20.

In the afternoon the forecast was revised once again, this time to a shortage of around £1,400m and the Bank gave help of £394m. This comprised outright purchases of £5m of eligible bank bills in band 1 at 11⅜ per cent and £389m in band 2 at 11⅛ per cent. Late help came to £60m, making a total of £1,453m.

NEW YORK RATES

(Lunchtime)

Prime rate	9½
Broker loan rate	9
Fed funds	7¾
Fed funds at intervention	7¾

Treasury Bills & Bonds

One month	6.58
Two month	6.72
Three month	7.19
Six month	7.43
One year	7.80
Two year	8.00
Three year	8.22
Four year	8.38
Five year	8.49
Seven year	8.64
10 year	8.97
30 year	9.26

FT LONDON INTERBANK FIXING

(11.00 a.m. Dec. 30)

Three months U.S. dollars		Six months U.S. dollars	
bid 7 15/16	offer 8 1/16	bid 7 15/16	offer 8 1/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

Dec. 30	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	5-11⅞	11⅛-11⅛	11⅝-11¾	11⅞-11⅞	11⅞-12	11⅝-11¾
Sterling CDs	—	—	11⅝-11⅞	11¾-11⅞	11⅞-11⅞	11⅝-11⅞
LocalAuthorityDepos	11½-11⅝	11⅛	11⅛	11⅞	11⅞	11⅞
Local Author'y Bonds	—	—	12⅛	12⅛	12⅛	11⅞
Discount Mkt Depos.	8½-11¾	11⅛-11½	11⅛	11¼	—	—
Company Depos.	10-11¾	11⅞	11⅞	12⅛	—	—
Finance Hse Depos	—	—	11⅛	11⅞	11⅞	11⅝
Treasury Bills (Buy)	—	—	11⅛	11⅛	—	—
Bank Bills (Buy)	—	—	11⅛	11⅛	11¼	—
Fine Trade Bills (Buy)	—	—	11⅛	11⅛	11⅞	—
Dollar CDs	—	—	8.0-8.05	7.85-7.90	7.85-7.9	7.95-8.00
SDR Linked Depos	—	—	8⅛-8⅜	8-8¼	7⅞-8⅛	7⅞-8⅛
ECU Depos	—	—	9⅛-9⅞	9⅛-9⅞	9⅛-9⅞	9⅛-9⅞

Treasury Bills (sell): one-month 11¼ per cent; three-month 11⅛ per cent. Bank Bills (sell): one-month 11⅛ per cent; three-month 11⅛ per cent. Treasury Bills: Average tender rate at discount 11.1862 per cent. ECGD Fixed Finance Scheme IV reference rate November 6 to December 3 (inclusive): 11.612 per cent. Local authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 12 per cent from December 1, 1985. Bank Deposit Rates for sums at seven days' notice 6.25-6.625 per cent (nil). Certificates of Tax Deposits (Series 6): Deposits £100,000 and over held under one month 11¼ per cent; one-three months 11⅛ per cent; three-six months 11⅛ per cent; six-nine months 11 per cent; nine-12 months 11¼ per cent. Under £100,000 10¾ per cent from December 12. Deposits held under Series 5 11¼ per cent. Deposits withdrawn for cash 7½ per cent.

MONEY RATES

Dec. 30	Ov'r-night	One Month	Two Months	Three Months	Six Months	Lombard Int'vention
Frankfurt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Paris	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amsterdam	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Milan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dublin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1985 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
101	99	Exch 11½pc '86	99		11.77	11.87
99	96¼	Treas 10pcCnv 1986	99	+	10.05	11.77
97⅛	92¼	Treas 3pc 1986	97¼		3.09	10.86
100	97½	Exch 10½pc 1986	99	-	10.55	11.84
101⅞	99¼	Treas 12pc 1986	100		11.98	10.60
98	94¼	Treas 8¼pc 1984-86‡‡	98		8.69	11.63
105	101¼	Exch 14pc 1986	101¼		13.76	11.62
95	87¼	Exch 2½pc 1986	95		2.62	7.81
104	101	Exch 13¼pc 1987	101		13.03	11.56
99	96¾	Treas 10½pcCv '87	98		10.41	11.63
93	85	Exch 2½pc 1987	93	+	2.67	8.46
100	96¼	Exch 10½pc 1987	98		10.63	11.48
95	89	Funding 6½pc '85-87‡‡	94¼		6.86	10.82
99	95	Treas. 10pc 1987	98⅛		10.19	11.43
92	84	Treas 3pc 1987	92	+	3.25	8.42
102	99	Treas. 12pc 1987	101		11.88	11.34
95	90¼	Treas 7¾pc 1985-88‡‡	93		8.26	11.17
100	95	Exch 10½pc '88	98	-	10.67	11.27
98	93	Treas 9½pc Cv '88	96	-	10.09	11.36
87	80	Transport 3pc '78-88	87	+	3.43	8.59
97	91	Treas 9½pc '88	95	-	9.95	11.38
102	97	Treas 11½pc 1989	100	-	11.49	11.29
97	90	Treas 9½pc Cnv '89	95	-	9.99	11.29
84	79	Treas 3pc 1989	84	+	3.56	8.49
99	94	Treas 10½pc 1989	97	-	10.73	11.25
98	92	Exch 10pc 1989	96	-	10.38	11.31
101	95	Exch 11pc 1989	99	-	11.09	11.25
86	79	Treas 5pc 1986-89	85	-	5.82	9.52
40	39	Exch 10½pcCv '89 (£40pd)	39		10.47	10.90
109	103	Treas 13pc 1990‡‡	105	-	12.27	11.14
101	96	Exch 11pc 1990‡‡	99	-	11.08	11.20
108	100	Exch. 12½pc 1990	104		11.99	11.20
81	75	Treas 3pc 1990	81	+	3.70	8.23
93	87	Treas 8¼pc 1987-90‡‡	91	-	9.02	10.71

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
252	146	M'c'rthy Ph. 20p	252	.....	8.2	2.0	4.6	15.6
150	87½	Macfarlane Gp	120	.....	††2.16	3.1	2.6	16.9
47	34	Maclellan (P & W) 20p	40		†1.7	2.3	6.1	8.3
88	46	Magnolia Group	83	+1	2.6	3.0	4.5	10.1
62	28	♦Mammet Hldgs 10p	62	+2	—	—	—	101.2
515	202	Man. Ship Can. £1	500	...	5.5	3.5	1.6	26.3
128	70	Marley	108	+1	3.75	2.2	5.0	13.1
107	52	Marling Ind. 10p	83xd	−1	†d1.5	5.4	2.6	10.1
82	36	Marshall L'xy 'A'	68	....	†2.4	4.9	5.0	4.9
77	55	Marshall's Universal	68		†2.0	1.4	4.2	(21.6)
89	78	Do. 7½pcCnRedPf £1	83	....	7½%	—	12.9	—
98	91	♦Martin (Ronald) 10p	94	.	bq3.27	2.2	5.0	12.8
£130	£81	♦Mathesons 7¼%	£110	.	Q7¼%	2.3	†7.2	—
95	15	♦Maxiprint 1p	20	....	—	—	—	—
551	375	Metal Box £1	518	.....	17.25	3.0	4.8	8.2
170	120	Metal Closures	147	....	6.7	2.0	6.5	9.2
17	3	♦Metal Sciences 2½p	7½	..	—	—	—	—
104	63	♦Midland Marts	22	+2	4.0	2.1	7.0	9.8
83½	55½	♦Mitchell Cotts	66½	−½	4.25	2.0	9.1	(6.7)
230	182	Morgan Crucible	208	.	†8.0	1.6	5.5	14.4
33	18	♦Morris (W) F.A. 20p	22½	+1	g0.5	♦	3.2	♦
131	91	Moss (Robt.) 10p	108	..	†3.0	2.7	4.0	11.6
81	60	Myson Grp 10p	65	.	g2.5	3.4	5.5	12.3
330	214	♦NMW Computers	315	+5	††4.8	2.7	2.2	24.2
43	27	Nash Inds.	33	...	0.5	—	2.2	—
48	15	Neil & Spencer 10p	15		♦	—	—	4.8
44	14½	Newman Inds 10p	32	..	20.3	—	1.3	(15.1)
57	26	Nolton	51		0.95	2.6	2.7	7.3
236	146	Norcros	196xd	+2	†8.6	2.0	6.3	10.6
67	45	Nu-Swift 5p	53	+2	†3.0	1.9	8.1	8.6
114	68	Oakwood Grp	85		†d4.5	1.4	7.6	(12.5)
250	150	Office & Elect	223	+13	†7.5	2.6	4.8	11.4
108	75	Oldacre 20p	80	...	4.0	2.6	7.1	7.1
58	36	♦Optometrics $0.01	36	.	adQ2c	—	4.4	—
525	312½	Oriflame £1	525	.....	†23.4	1.8	4.5	12.4

INSURANCES

LEISURE

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

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TRUSTS, FINANCE, LAND

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INVESTMENT TRUSTS—Cont.

Finance, Land, etc

FINANCE, LAND—Cont.

OIL AND GAS

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PLANTATIONS

Rubbers, Palm Oil

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MINES

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Eastern Rand

Far West Rand

MINES—Continued

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

NOTES

REGIONAL & IRISH STOCKS

This following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

"Recent Issues" and "Rights" Page 26 (International Edition Page 26)

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £ per annum for each security.

LONDON STOCK EXCHANGE

MARKET REPORT

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Dec 9	Dec 19	Dec 20	Jan 6
Dec 23	Jan 9	Jan 10	Jan 20
Jan 13	Jan 23	Jan 24	Feb 3

* " New-time " dealings may take place from 9.30 am two business days earlier.

New Year recommendations send equities higher again

A consensus of highly encouraging views on the London equity market's prospects in 1986 together with publication of the main salvo of New Year investment recommendations sent leading stocks higher for the fourth consecutive trading session yesterday. All main barometers of the trend recorded healthy improvements, the FT Ordinary share index closing 9.7 up at 1,133.0 and the broader-based FT-SE 100 share index 14.7 higher at 1,413.6. Both settled at the day's highest levels.

Particular emphasis was placed on the numerous week-end Press selections and on certain market sectors. Some recipients of newspaper mention featured strongly with rises well into double-figures, largely as a result of stock shortages. Of blue chip issues, Beecham began with a flourish amid renewed speculation of an impending Anglo-Dutch or US takeover bid but fell away tamely to end only 5 dearer on balance at 368p, after 373p. Several other index constituents, however, registered useful gains including P & O and Hawker Siddeley.

Reports of a late-Christmas spending spree, which should ensure record retail sales for the month, boosted Store shares, and Breweries also made progress. Higher crude oil prices in the wake of the cold weather snap influenced the oil majors, which went sharply better, while Insurance and Banking stocks figured prominently among financials.

The course of sterling, finally little changed against the dollar, was of little consequence while the continued absence of institutional activity made scant impact on equities. Gilt-edged securities, however, suffered because of the latter factor. With prices currently nudging the levels at which the authorities, if bid, would sell stock of recently-created tranches, a sustained demand was necessary to move the market. It was not forthcoming, despite revived enthusiasm about a reduction soon in the Federal Reserve discount rate, and conventional Gilts eventually softened.

Index-linked issues slipped lower from the opening, still mirroring the strong possibility of lower UK inflation, and closed with falls extending to ½.

Foreign Stocks were generally neglected but Chinese bonds responded to Press comment and selected issues such as 1912-13 stocks moved up three points to the common price of 23.

Clearers up again

Clearing banks continued to press forward, but the volume of business remained small. NatWest ended 3 dearer at 687p, after 689p, while Midland finished the same amount better at 447p. Elsewhere, Deutsche touched another peak level of £264 before reacting on profit-taking to close 1½ points easier on balance at £261. Leopold Joseph firmed 10 to 285p in a thin market, while perennial takeover favourite First National Finance Corporation added 3 at 163p, the latter's annual results are due to be announced on Monday.

Abbey Life responded to a New Year investment recommendation with a gain of 7 at 196p.

Distellers, up to 506p initially, encountered scrappy selling following publication of the defence document to the offer from Argyll Group and closed 2 cheaper on balance at 498p. The latter, buoyed by persisting thoughts that the Office of Fair Trading will give the green light for a bid, rose 8 more to 343p. A decision is expected by January 7.

Seasonal influences stimulated occasional interest in Breweries. Bass were marked 10 higher to 655p, while Allied-Lyons improved a few pence to 268p. Guinness, scheduled to reveal preliminary figures in the next couple of weeks, added 7 more to 314p.

Leading Building issues attracted further light support and closed at the day's best. Blue Circle firmed 5 to 578p and RMC hardened a couple of pence to 474p, while BPB Industries added 3 to 360p. Barratt Developments continued to respond to a New Year's investment recommendation and gained 6 more to 132p, while F. J. C. Lilley improved 4 to 78p for the same reason. Ward Holdings rose 8 to 246p in a restricted market and McCarthy and Stone moved up 15 to 265p. Press comment boosted USM-quoted Dunton, up 1½ at 23p, while speculative buying lifted Phoenix Timber 10 to 112p.

Mainly reflecting traded option business, ICI rose 9 to 756p. Elsewhere in the Chemical sector, British Benzol added 3 to 63p as London and Manchester Investment Trust increased its holding.

Stores advance

Early reports of bumper business at the post-Christmas sales helped Stores revive. Harris Queensway led the leaders higher with a gain of 12 at 236p, while Dixons ended 10 to the good at 905p; the latter's interim results are due on January 15. Burton put on 5 to 550p, Sears improved 4 at 108p and Marks and Spencer edged forward a couple of pence to 176p. British Home, dull recently on fading hopes of a counter to the proposed merger with Habitat Mothercare, firmed 4 at 340p. Elsewhere, footwear retailer J. W. Wassall jumped 2 to 71p in response to an investment recommendation. Goldberg put on 4 to 100p for the same reason and speculative buying in a thin market lifted Body Shop 60 to 810p. Lee Cooper revived with a rise of 10 at 145p, while improvements of 4 and 6 respectively were seen in Freemans, 348p, and NSS Newsagent, 118p.

Interest in the Electrical sector centred chiefly on those companies recommended in the weekend Press. Among the beneficiaries, Oceonics advanced 8 to 38p, CASE 10 to 148p and Micro Focus 15 to 165p, while Pifco A, a limited market, advanced 37 to 175p, with the Ordinary shares 35 up at 205p. SCUSA, 130p, and STC, 98p, improved 4 apiece. Apart from Press tips, Kode continued its recent strong recovery movement, closing 7 to the good at 120p. Prestwick rose 6 to 48p and Eurotherm 8 to 298p. Sunleigh Electronics, helped by option demand, rose 1½ to 18p.

Westland continued firmly among Engineerings and followed Friday's rise of 11 with a fresh gain of 4 to 92p as investors awaited the outcome of the rival bids for the group. Castings jumped 8 to 58p in response to an investment recommendation, while revived speculative support prompted gains of 5 and 7 respectively in Wadkin, 125p, and Tex, 130p. Among the leaders, Hawker moved up 10 at 461p and GKN put on 6 at 263p.

The Food sector displayed several bright spots. Ranks Hovis McDougall were prominent at 170p, up 6, following the chairman's confident annual review. Unigate continued to attract buyers and rose 5 more to 222p, while Tate and Lyle gained the same amount to 538p following Press comment highlighting bid possibilities. Hillsdown Holdings found support and rose 10 to a 1985 peak of 195p and Meat Trade Suppliers gained 7 more to 100p. Albert Fisher firmed 4 to 155p following an investment recommendation.

Reuters good

Reuters were prominent again, rising 24 to 375p in response to further US buying. Elsewhere in the miscellaneous industrial sector, there were numerous good gains in reply to New Year Press recommendations. Dwek Group featured among the smaller priced issues with a gain of 7 to 29p, while improvements ranging from 8 to 10 were recorded in British Aerospace, 467p, Black Arrow, 160p, Scottish Heritable, 118p, AAH, 185p, and Henara, 50p. Williams Holdings rose 14 to 397p. Among the more modest Press-inspired gains, Bridport Gundry put on 3 to 138p, Blue Arrow 6 to 188p and Erskine House a couple of pence to 150p. Highgate and Job, reflecting the recovery in mid-term profits, gained 7 to 130p. Office and Electronic were noteworthy for a gain of 13 at 223p, while Cannon Street Investments, a current "shell" situation, advanced 15 more to 113p. Unigroup responded to renewed demand and touched 125p before settling only a couple of pence dearer on balance at 122p. GR Holdings improved 10 to 270p in a limited market. Leading issues traded on a quietly firm note. Boots, partly reflecting firmness in the Store sector, gained 4 to 263p. Pilkington, assisted by Press mention, put on 10 to 330p.

A number of firm features emerged among Leisure issues. Investment recommendations lifted Pleasurama 11 to 298p, and Media Technology 5 to 170p. Fairline Boats were again in demand and also added 5, to 117p, while revived takeover hopes lifted Aspinall 4 to 158p, and Barr and Wallace Arnold Trust A 3 to 146p.

Motors were inclined harder in places. Lucas improved a few pence to 483p in reply to Press comment, while news of a land sale left Automotive Products a couple of pence up at 124p. British Car Auction added 3 at 96p and Charlie Browns Car Part Centres put on 4 at 120p.

Paper/Printings provided some outstanding features, usually in reply to New Year investment recommendations. For this reason, St Ives jumped 41 to 528p, Holmes and Marchant leapt 33 to 410p, and Carlton Communications advanced 30 at 800p. Saatchi Saatchi gained 15 to 800p and LCA closed 12 to the good at 136p. A Press suggestion that a re-rating of the company is due left BPCC 5 better at 200p.

New Year investment recommendations were responsible for noteworthy movements in the Property sector. Clayform were outstanding for this reason and touched 220p prior to closing a net 10 higher at 215p. Edmond Holdings gained ½ to 13p and Berkeley and Hay Hill added the same amount to 8½p, while favourable newspaper comment left Stockley 2 dearer at 72p.

P & O Deferred, a buoyant market of late since its purchase of a near-21 per cent stake in European Ferries, advanced 11 further to a 1985 peak of 456p.

Financial Trusts made a quietly firm showing with Robert Kitchen Taylor closing 8 dearer at 200p and MAI 10 better at 365p. National Home Loans hardened a couple of pence to 39p following Press comment. Britannia Arrow, however, cheapened a few pence to 140p pending further developments in the bid situation.

Oils firmer

A firmer showing by crude prices following the onset of colder weather in Europe stimulated demand for leading Oil shares. Quotations made useful progress before settling a shade below the best. British Petroleum settled 12 higher at 560p, after 562p, while Shell finished 10 up at 668p, after 671p. A New Year's investment recommendation lifted Britoil 7 to 210p. Ultramar gained 8 to 203p. LASMO were finally 6 up at 246p, after 250p, and Trincentrol 5 dearer at 155p, after 158p. Elsewhere, Sovereign found support at 90p, up 8 while Triton Europe rallied 10 further to 275p.

Golds subdued

Business in South African mining markets remained at an extremely low ebb with both domestic and international interest again inhibited by concern over the delicate political situation in the Republic.

Dealers continued to report minimal trading activity in South African Golds — a number of foreign centres appeared to be winding down ahead of shortened sessions today — but most quotations were marked modestly higher reflecting a steady performance by bullion, finally 50 cents higher at $327.5.

Top-quality Golds displayed gains ranging to ¾ as in President Steyn, £10¾, and Western Deep, £20¼. The more marginal counters also made progress, particularly the Gencor group which showed Grootvlei 15 up at 269p and Leslie 5 to the good at 107p. The FT Gold Mines index improved 6.2 to 246.0 — its first upturn in five trading sessions.

Financials mirrored Golds with "Amgold" a fraction harder at £37½ and Gold Fields of South Africa 21 dearer at 703p. London-domiciled issues, on the other hand, gave ground for want of attention. RTZ ended 8 lower at 517p, while Consolidated Gold Fields eased a similar amount to 437p.

Occasional support in overnight Sydney and Melbourne prompted gains of 6 for Peko-Wallsend, 236p, and CRA, 258p. "Down-under" Golds, in contrast, were decidedly mixed. Poseidon, 115p, and Central Norseman, 280p, dipped 8 and 10 respectively, but some junior explorers made ground, notably Emperor, 4 up at 142p, and Julia Mines, 3½ better at 16½p, the last-mentioned in response to an investment recommendation.

Business in Traded Options returned to more reasonable levels. Total contracts transacted amounted to 9,686 — comprising 7,942 calls and 1,744 puts. British Telecom were to the fore and attracted 1,741 calls, the majority of which were done in the February 200's. Beecham were also lively, recording 1,227 calls, the March 330's and 360's accounting for 634 and 476 trades respectively. Elsewhere, the FT-SE 100 index contract contributed 944 calls and 448 puts.

FINANCIAL TIMES STOCK INDICES

	Dec. 30	Dec. 27	Dec. 24	Dec. 23	Dec. 20	Dec. 19	year ago
Government Secs	82.93	83.00	82.93	82.94	82.85	82.85	81.71
Fixed Interest	88.93	88.92	88.95	88.96	88.75	88.72	85.35
Ordinary ♥	1133.0	1123.3	1116.2	1113.5	1108.6	1114.9	952.3
Gold Mines	246.0	239.8	243.0	244.5	264.4	256.4	478.9
Ord. Div. Yield	4.38	4.41	4.44	4.46	4.48	4.46	4.53
Earnings, Yld. % (full)	10.88	10.97	11.05	11.09	11.15	11.08	11.51
P/E Ratio (net) (*)	11.34	11.25	11.17	11.13	11.07	11.14	10.43
Total bargains (Est.	16,211	9,228	10,801	23,966	22,845	20,213	17,323
Equity turnover £m.	—	115.12	223.71	494.20	566.23	476.37	245.69
Equity bargains	—	7,144	7,794	17,694	23,037	19,323	18,264
Shares traded (ml)	—	54.7	106.5	236.4	308.2	237.8	131.0

♥ 10 am 1,128.2. 11 am 1,129.3. Noon 1,129.7. 1 pm 1,130.4. 2 pm 1,130.5. 3 pm 1,130.9. 4 pm 1,131.7.

Day's High 1,133.0. Day's Low 1,126.9.

Basis 100 Government Securities 15/10/26. Fixed Interest 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

* Nil = 10.92.

HIGHS AND LOWS / S.E. ACTIVITY INDICES

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low		Dec. 27	Dec. 24
Govt. Secs.	84.57 (18/10)	76.02 (28/1)	127.4 (9/1/85)	49.18 (3/1/75)	Daily Gilt Edged Bargains	40.5	49.7
Fixed Int.	90.96 (25/10)	82.17 (28/1)	150.4 (28/11/47)	50.53 (3/1/75)	Equities Bargains	46.3	50.5
					Value	232.7	452.2
Ordinary	1146.9 (25/11)	911.0 (5/12)	1146.9 (25/11/85)	49.4 (26/6/40)	5 day Average Gilt Edged Bargains	84.7	99.3
Gold Mines	536.9 (15/4)	217.6 (5/11)	734.7 (15/2/83)	43.5 (26/10/71)	Equities Bargains	97.2	111.1
					Value	768.2	878.1

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Dec 16	Jan 3	Mar 26	Apr 7
Jan 6	Jan 17	Apr 10	Apr 21
Jan 20	Jan 31	Apr 24	May 6

For rate indications see end of Unit Trust Service

Stocks favoured for the call included Westland, Sunleigh Electronics, BSG International, Inn Leisure, Energy Capital, Bryson, Marley, Sovereign Oil and Gas, Granada, CASE, Astra Industrial, Ferranti and W. Canning.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	11	38	60
Corpns Dom & Foreign Bonds	20	6	55
Industrials	418	144	936
Financial & Props.	156	47	364
Oils	26	8	93
Plantations	1	1	16
Mines	68	23	89
Others	73	67	99
Totals	773	334	1,712

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon Dec 30 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Fri Dec 27 Index No.	Tues Dec 24 Index No.	Mon Dec 23 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (207)	573.54	+0.7	10.04	4.01	12.47	15.66	569.74	567.26	568.67	558.46
2	Building Materials (23)	632.32	+0.7	10.54	4.29	11.84	18.51	628.19	625.43	631.18	511.31
3	Contracting, Construction (27)	926.75	+1.0	10.30	4.68	12.41	28.55	917.84	915.07	914.60	740.59
4	Electricals (13)	1528.41	+0.2	9.56	4.96	13.63	52.34	1524.90	1506.05	1511.72	1591.12
5	Electronics (39)	1412.76	+0.6	10.56	3.23	12.43	32.14	1404.31	1396.92	1405.64	1948.02
6	Mechanical Engineering (61)	326.42	+0.9	10.61	4.41	11.45	9.09	323.67	322.35	321.79	278.70
8	Metals and Metal Forming (7)	239.39	—	9.20	6.83	13.26	7.98	239.44	239.67	239.67	167.84
9	Motors (17)	208.18	+0.9	11.52	4.26	10.47	5.95	206.36	206.27	206.00	144.66
10	Other Industrial Materials (20)	1016.30	+0.5	7.64	3.57	15.60	25.55	1010.88	1006.18	1003.91	841.89
21	CONSUMER GROUP (177)	768.86	+0.7	8.56	3.58	14.65	19.20	763.43	760.50	757.70	620.66
22	Brewers and Distillers (23)	788.16	+0.6	9.59	3.91	13.39	20.75	783.64	777.55	770.35	578.26
25	Food Manufacturing (22)	570.98	+0.9	10.53	4.42	12.24	18.15	565.80	564.96	565.82	481.14
26	Food Retailing (14)	1744.54	+0.8	6.29	2.58	21.40	29.04	1729.97	1723.71	1731.30	1461.86
27	Health and Household Products (9)	1238.93	+0.4	6.18	2.65	18.99	23.08	1233.41	1220.81	1214.10	1018.99
29	Leisure (24)	753.75	+0.3	7.42	4.47	17.17	23.83	751.25	750.29	748.55	694.08
32	Newspapers, Publishing (11)	1854.33	+1.0	7.22	5.19	17.52	60.91	1835.56	1829.19	1830.05	1464.58
33	Packaging and Paper (13)	365.07	+0.5	9.54	4.24	12.56	10.30	363.35	362.67	362.38	291.10
34	Stores (42)	764.10	+1.3	6.99	2.85	19.37	15.85	754.65	753.74	753.80	552.82
35	Textiles (16)	385.15	+0.5	11.53	4.46	9.83	11.43	383.26	381.78	381.71	300.42
36	Tobaccos (3)	896.33	−0.1	14.71	5.81	7.76	31.43	897.32	898.31	900.37	900.16
41	OTHER GROUPS (90)	717.42	+1.3	9.57	4.04	13.67	20.53	708.04	701.35	699.68	611.33
42	Chemicals (18)	741.66	+0.7	13.53	5.23	9.78	26.71	736.20	727.15	727.13	723.33
44	Office Equipment (4)	210.47	+2.0	7.57	4.16	15.76	6.20	206.43	206.82	206.82	157.07
45	Shipping and Transport (10)	1370.42	+2.5	7.24	4.00	16.88	40.16	1337.11	1326.81	1313.76	962.71
46	Miscellaneous (64)	891.45	+1.5	8.03	3.74	15.29	23.06	877.92	871.13	865.06	809.71
48	Telephone Networks (2)	888.76	+1.2	9.27	3.69	14.79	23.81	878.00	869.06	869.59	702.40
49	INDUSTRIAL GROUP (482)	711.98	+0.9	9.18	3.80	13.81	18.85	705.92	702.12	700.81	612.00
51	Oils (18)	1139.73	+2.0	18.21	7.67	6.52	61.16	1117.69	1121.90	1119.95	1069.38
59	500 SHARE INDEX (500)	748.69	+1.0	10.25	4.26	12.20	22.26	741.37	738.16	736.80	650.47
61	FINANCIAL GROUP (116)	518.96	+0.5	—	4.70	—	17.23	516.53	513.98	513.69	435.23
62	Banks (6)	541.30	+0.6	16.95	5.51	8.43	21.12	538.06	530.31	527.27	438.49
65	Insurance (Life) (9)	784.54	+0.6	—	4.34	—	23.53	780.14	780.14	780.14	583.15
66	Insurance (Composite) (7)	403.10	+0.6	—	4.89	—	13.79	400.57	400.57	400.57	311.51
67	Insurance (Brokers) (8)	1156.79	+0.5	7.37	3.76	18.13	30.86	1151.01	1151.01	1161.41	1050.62
68	Merchant Banks (11)	281.62	+0.2	—	3.70	—	7.27	281.00	280.60	280.60	222.22
69	Property (51)	668.48	+0.3	5.95	3.70	22.44	18.01	666.19	663.18	663.62	640.46
70	Other Financial (24)	294.55	—	10.18	5.92	12.11	12.34	294.60	294.22	294.93	274.71
71	Investment Trusts (105)	646.43	+0.6	—	3.39	—	15.53	642.89	642.53	642.93	571.33
81	Mining Finance (3)	240.91	−1.4	13.89	6.45	8.38	10.50	244.41	245.22	245.22	273.85
91	Overseas Traders (14)	593.36	+0.5	13.38	6.91	8.86	29.33	590.20	588.62	589.01	625.38
99	ALL-SHARE INDEX (738)	681.88	+0.9	—	4.34	—	20.65	676.10	673.30	672.30	592.94

	Index No.	Day's Change	Day's High	Day's Low	Dec 27	Dec 24	Dec 23	Dec 20	Dec 19	Year ago
FT-SE 100 SHARE INDEX	1413.6	+14.7	1413.6	1402.7	1398.9	1391.5	1388.6	1386.5	1390.7	1232.24

FIXED INTEREST

	PRICE INDICES	Mon Dec 30	Day's change %	Fri Dec 27	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	118.26	—	118.26	—	11.58
2	5-15 years	130.64	−0.04	130.69	—	14.98
3	Over 15 years	136.99	—	136.99	—	13.36
4	Irredeemables	149.76	−0.08	149.88	—	14.54
5	All stocks	129.04	−0.02	129.06	—	13.47
6	Debentures & Loans	111.18	+0.06	111.12	0.01	12.06
7	Preference	81.61	−0.08	81.68	—	6.66
	BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8	All stocks	108.08	−0.12	108.21	—	3.11

	AVERAGE GROSS REDEMPTION YIELDS		Mon Dec 30	Fri Dec 27	Year ago (approx.)
	British Government				
1	Low	5 years	10.18	10.17	10.65
2	Coupons	15 years	10.31	10.31	10.50
3		25 years	10.32	10.31	10.03
4	Medium	5 years	11.20	11.18	11.29
5	Coupons	15 years	10.65	10.64	10.92
6		25 years	10.26	10.26	10.31
7	High	5 years	11.26	11.25	11.38
8	Coupons	15 years	10.80	10.79	11.07
9		25 years	10.41	10.41	10.40
10	Irredeemables†		9.80	9.79	9.90
11	Debs &	5 years	11.70	11.72	11.73
12	Loans	15 years	11.46	11.47	11.60
13		25 years	11.46	11.47	11.64
14	Preference†		12.01	12.00	12.71
15	Inflation rate	5%	3.34	3.83	3.34
16		10%	3.65	3.64	3.16

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (74)

[illegible]

NEW LOWS (20)

[illegible]

EUROPEAN OPTIONS EXCHANGE

[illegible]

TOTAL VOLUME IN CONTRACTS: 66,643

A=Ask B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *g* Assumed dividend and yield. F Forecast dividend cover on earnings updated by latest interim statement. H Dividend and Yield based on prospectus or other official estimates for 1986. t Indicated dividends: cover relates to previous dividend: p/e ratio based on latest annual earnings. *u* Forecast otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ‖‖ Allotment price. ‡‡ Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4) (a). † Units comprising five ordinary and one warrant. * Units comprising 12 preference shares and one warrant.

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Argyll Group	343	+ 8
Beecham	368	+ 5
BP	560	+12
Britoil	210	+ 7
Castings	58	+ 8
Distillers	498	− 2
Dwek	29	+ 7
Ocean Transport	191	+ 5
P & O Defd.	456	+11
Shell Transport	668	+10
Unigroup	122	+ 2
Williams Hldgs.	397	+14

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Fri. close	Day's change
Beecham	16	363	+15
Distillers	14	500	+12
Reuters B	14	351	+15
ICI	12	747	+15
Westland	11	88	+11
Brit. Benzol	10	60	+ 5
Cable & Wire.†	8	307	+ 2
Grand Met.	8	398	− 2
BAT Inds.	7	315	—
Britoil	6	203	—
Glaxo	6	£15⅞	—
P & O Defd.	6	445	+ 7

† Partly-Paid

LONDON TRADED OPTIONS

Option		Calls Feb.	Calls May	Calls Aug.	Puts Feb.	Puts May	Puts Aug.
P. & O. (*456)	360	103	—	—	1½	—	—
	390	73	82	—	3	4½	—
	420	47	57	67	7	15	20
	460	20	32	40	20	30	38
Racal	160	34	40	48	2½	6	8

[illegible]

December 30 Total contracts 9,686 Calls 7,942 Puts 1,744 *Underlying security price

WORLD STOCK MARKETS

هكذامن الكحل

AUSTRIA

Dec. 30	Price Sch%	+ or −
Credit'nst'lt ppd	428	...
Goesser	614	...
Interunfall	1,490	+15
Jungbunzlauer*	42,000	+200
Laenderbank *	2,030	...
Perlmooser	745	−3
Steyr Daimler	167	+6
Veitscher Mag	298	+42

BELGIUM/LUXEMBOURG

Dec. 30	Price Frs.	+ or −
B.B.L.	2,575	−5
Banq. Gen. Lux	9,600	...
Banq. Int.A.Lux	9,400	+50
Bekaert	9,010	+60
Ciment CBR	3,050	+90
Cockerill	197	−3
Delhaize	6,590	−10
EBES	3,870	+25
Electrobel	11,450	+25
Fabrique Nat.	2,100	+5
GB Inno BM	6,000	+25
GBL (Brux)	2,545	+25
Generale Bank	4,695	+5
Gevaert	5,100	+50
Hoboken	5,950	+200
Intercom	5,080	+20
Kredietbank	12,000	+300
Pan Hldgs	9,930	...
Petrofina	6,750	+10
Royale Belge	18,100	−100
Soc. Gen. Belge	2,280	+5
Sofina	8,120	+20
Solvay	6,100	...
Stanwick Intl	1,100	−20
Tractionel	5,120	+120
UCB	6,580	−10
Wagons Lits	4,050	−5

DENMARK

Dec. 30	Price Knr %	+ or −
Andelsbanken	415	+4
Baltica Skand	580	−5
Cop Handelsb'nk	349xr	+2
D. Sukkerfab	480	...
Danske Bank	400	+1
De Danske Luft	1,480	...
East Asiatic	261	+7
Forenede Brygg.	1,075	...
Forenede Damp.	226	+3
GNT Hld	570	+20
I.S.S.B.	505	−5
Jyske Bank	850	+35
Novo Inds	1,325	+5
Privatbanken	339	...
Provinsbanken	465	−5
Smidth (F.L.) B	329	+10
Sophus Berend	980	...
Superfos	332	−12

FRANCE

Dec. 30	Price Frs.	+ or −
Emprunt 4½% 1975	1,460	−5
Emprunt 7% 1973	7,305	+50
Accor	285	...
Air Liquide	549	+14
BIC	535	−20
Bongrain	1,650	+25
Bouygues	1,000	+36
BSN Gervais	2,735	+86
CIT Alcatel	1,390	+2
Carrefour	3,000	+60
Club Mediter'n	476	...
Cie Bancaire	896	+47
Cofimeg	369.5	+1
Damart	1,910	−5
Darty	1,920	−25
Dumez S.A.	1,058	+6
Eaux (Cie Gen)	920	−16
Elf-Aquitaine	195	−1
Essilor	2,100	...
Gen.Occidentale	727	+3
Imetal	76	−2
Lafarge Coppee	780	+1
L'Oreal	2,855	+20
Legrand	2,605	+85
Maisons Phenix	176	−1
Matra S.A.	1,630	+20
Michelin B	1,640	+40
Midi (Cie)	462	...
Moet-Hennessy	2,355	+28
Moulinex	72.8	+1.2
Nord Est	179	−1
Pernod Rica	925	+2
Perrier	488	−1
Petroles Fra.	286	+4
Peugeot S.A.	491	+6
Printemps (Au.)	405	+11
Radiotech	399.9	+4.9
Redoute	1,889	−9
Roussel-Uclaf	1,552	+80
Sefimeg	399	...
Skis Rossignol	1,270	+29
Telemec Elect	2,695	...
Thomson (CSF)	796	+47
Valeo	383	+3

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. ex Ex all. * Price in Schillings.

GERMANY

Dec. 30	Price Dm.	+ or −
AEG	240.8	+6.3
Allianz Vers	2,073	+3
BASF	270.5	+1.5
Bayer	275.5	+5.5
Bayer.Hypo	525	+25
Bayer-Verein	630	+5
BHF-Bank	514	+4
BMW	559.5	...
Brown Boveri	298	+1
Commerzbank	355	+20
Cont'l. Gummi	165.5	+0.8
Daimler-Benz	1,246	+20
Degussa	487.5	+3.5
D'sche Babcock	211	+8
Deutsche Bank	925	−10
Dresdner Bank	451.5	+14.5
GHH	237	−8.5
Henkel	412	+11.5
Hochtief	900	...
Hoechst	293.5	+28.5
Hoesch Werke	165.5	−0.5
Holzmann (P)	485	+12
Horten	212	+6
Hussel	430	+5
Karstadt	328	−3
Kaufhof	342	−7.9
KHD	318	−1
Kloeckner	91	−1
Linde	600	+2
Lufthansa	225	−5
MAN	232	...
Mannesmann	288	−5
Mercedes Hld	1,126	+6
Metallgesell	325	+8
Muench Rueck	3,010	+150
Nixdorf	567	−4
Porsche	1,295	+45
Preussag	255	−0.5
Rhein West Elect	193	+1
Rosenthal	345	+15
Schering	633	−4
Siemens	755	+5
Thyssen	170.4	+0.5
Varta	280	+0.5
Veba	298.5	−1
V.E.W.	141.5	+1
Verein-West	428	+9
Volkswagen	496.3	+16.3

ITALY

Dec. 30	Price Lira	+ or −
Banco Com'le	25,800	+150
Bastogi-IRBS	500	+1
Centrale	3,729	−21
C.I.R.	6,350	+5
Credito Italiano	3,145	−35
Fiat	6,030	+50
Generali Assicur.	77,400	−400
Italcementi	51,000	−150
La Rinascente	971	−1
Montedison	2,704	+94
Olivetti	8,625	−125
Pirelli Co	6,400	+220
Pirelli Spa	3,580	+30
Saipem	6,900	−35
Snia BPD	5,485	+57
Toro Assic	24,100	−330

NETHERLANDS

Dec. 30	Price Fls	+ or −
ACF Holding	305	+7
AEGON	120	+5.3
Ahold	88.5	+3.2
AKZO	145.5	+3.4
ABN	600	+12
AMEV	90.3	+4.8
AMRO	115.8	+6.2
Bredero Cert	200	+3
Bos Kalis Westm.	17.5	−0.5
Buehrmann -Tet.	135.5	−0.5
Calland Hlgs	39.7	+0.2
Dordtsche Pet'm	164.7	−1
Elsevier-NDU	195.5	+7
Fokker	75.7	+2.7
Gist Brocades	295	+9.5
Heineken	255.5	+6
Hoogovens	80.6	+1.3
Int Mueller	59.3	+1.8
KLM	53	+0.8
KNP	129.4	+3.9
Naarden	51	+1.7
Nat Ned Cert	91	+3.9
Ned Mid Bank	239	+9
Nedlloyd	209.7	+3.6
Oce Grinten	396	+4
Ommeren (Van)	33.8	+0.4
Pakhoed	87.5	+1.7
Philips	62	+1.2
Robeco	85.2	−2.1
Rodamco	135.4	−0.1
Rolinco	74.5	+1.2
Rorento	46.6	−0.3
Royal Dutch	174.6	−2
Unilever	401.5	+0.5
VMF Stork	278.5	+11.6
VNU	327	+12
Wessanen	246.5	+5
West Utr Bank	89	+0.5

NORWAY

Dec. 30	Price Kroner	+ or −
Bergens Bank	174	+4
Borregaard	456	+6
Christiania Bank	174	−2
DenNorske Cred	186	−3
Elkem	110.5	+2.5
Kosmos	177	...
Kvaerner	192	+4.5
Norsk Data	404	−4
Norsk Hydro	147.5	−2
Storebrand	272	+6

SPAIN

Dec. 30	Price Pts %	+ or −
Bco Bilbao	415	...
Bco Central	345	+3
Bco Exterior	207	...
Bco Hispano	153	−2
Bco Popular	439	...
Bcp Santander	420	+5
Bco Vizcaya	592	...
Dragados	148	+6
Hidrola	87.5	+3.8
Iberduero	106.5	+2
Petroleos	174.7	+6.5
Telefonica	127.5	+1.5

SWEDEN

Dec. 30	Price Kronor	+ or −
AGA	179	−1
Alfa-Laval B	260	−4
ASEA (Free)	328	+3
Astra (Free)	505	+5
Atlas Copco	190	+10
Cardo (Free)	263	−2
Cellulosa	175	+5
Electrolux B	194	+4
Ericsson B	225	−3
Esselte	450	+3
Mo och Domsjo	205	+7
Pharmacia	190	+4
Saab Scania Free	495	−10
Sandvik	580	...
Skandia	330	−30
Skan Enskilda	79.5	+1
SKF	298	+4
Sonnesson	136	+2
Stora Kopparbrg	168	+2
Sven Handelsbn	233	+1
Swedish Match	242	+2
Volvo B (Free)	314	+4

SWITZERLAND

Dec. 30	Price Frs.	+ or −
Adia Intl.	4,500	+50
Alusuisse	685	+5
Bank Leu	4,240	+60
Brown Boveri	1,840	...
Ciba Geigy	4,000	+170
do. (Part Certs)	3,150	+160
Credit Suisse	3,700	...
Elektrowatt	3,440	...
Fischer (Geo.)	1,140	+5
Hoff-RochePtCts	112,250	+2375
Hoff-Roche 1/10	11,200	+125
Jacobs Suchard	7,650	+175
Jelmoli	3,650	−50
Landis & Gyr	2,250	−10
Nestle	8,925	+475
Oer-Buehrle	1,420	+70
Pirelli	379	+4
Sandoz (Br)	10,950	+150
Sandoz (Pt Cts)	1,740	+10
Schindler (PtCts)	900	+30
Sika	1,665	+55
Surveillance	6,240	+90
Swissair	1,790	+20
Swiss Bank	575	+11
Swiss Reinsce	13,200	+200
Swiss Volksbk	2,580	+15
Union Bank	5,240	+60
Winterthur	5,100	+75
Zurich Ins	6,200	+200

AUSTRALIA

Dec. 30	Price Aust $	+ or −
ANZ Group	4.38xa	...
Ampol Pet	2.25	...
Ashton	1.15	+0.05
Aust. Cons. Ind	2.80	−0.02
Aust. Guarantee	2.40	...
Aust. Nat. Ins	2.80	+0.08
APM	2.86	+0.01
Bell Group	6.44xc	+0.24
Bell Res	5.1	...
Bond Corp Hldgs	1.8xc	+0.02
Boral	3.19	−0.01
Bougainville	1.9	...
Brambles Inds	4.28	+0.05
Bridge Oil	2.2	...
B. H. Prop	8.76	−0.04
CRA	5.42	...
CSR	3.35	−0.05
Coles (G.J.)	4.35	+0.1
Comalco "A"	1.82	...
Consolidated Pet	0.24	...
Costain Aust	2.10	...
Dunlop Olympic	2.55	+0.07
Elders IXL	5.07	+0.05
Energ Res	1.61	+0.01

AUSTRALIA (continued)

Dec. 30	Price Aust.$	+ or −
Gen. Prop. Trust	2.2	...
Hardie (James)	3.2	+0.05
Hartogen Energy	1.92	+0.02
Herald W'yTimes	4.9	...
ICI Aust	2.23	+0.05
Jimberlana F.P.	0.23	...
Kia Ora Gold	0.16	...
Kidston Gold	5	+0.25
Land Lease	5.6	...
MIM	2.65	...
Mayne Nickless	3.85	...
Myer Emporium	3.5	...
Nat. Aust. Bank	4.46	...
News	9.0	...
Nicholas Kiwi	2.35	...
Noranda P'c(Ppd)	0.65	...
North Bkn Hill	2.34	...
Oakbridge	1.15	...
Pancontinental	1.76	...
Pioneer Conc	2.52	...
Poseidon	2.6	...
Queensland Coal	1.42	...
Reckitt & Colman	3.6	...
Repco	1.56	...
Santos	5.3	...
Smith (Howard)	4.4	...
Thos. Natwide	2.6	...
Tooth	5.1	...
Vamgas	2.8	...
Western Mining	3.2	...
Westpac Bank	4.5	...
Woodside Petrol	1.15	...
Woolworths	3.4	...
Wormald Intl	3.5	...

HONG KONG

Dec. 30	Price H.K.$	+ or −
Bank East Asia	24.5	−0.1
Cheung Kong	21.4	+0.5
China Light	15.3	+0.2
Evergo	0.57	...
Hang Seng Bank	46	+0.5
Henderson Land	2.12	...
HK China Gas	14	−0.1
HK Electric	8.5	+0.05
HK Kowloon Wh.	7.6	+0.1
HK Land	6.9	+0.1
HK Shanghai BK.	7.7	+0.15
HK Telephone	9.9	+0.1
Hutchison Wpa	27.3	+0.5
Intnl. City	0.97	−0.02
Jardine Math	13.8	+0.2
New World Dev	6.85	+0.1
Orient O'seas	1.90	...
SHK Props	12.9	+0.2
Shell Elect	0.91	...
Swire Pac A	31.5	+1
TV—B	6.3	...
World Int. Hldgs.	2.6	+0.05

JAPAN

Dec. 28	Price Yen	+ or −
Ajinomoto	1,150	+20
All Nippon Air	773	−3
Alps Electric	1,770	−10
Asahi Chem	761	−4
Asahi Glass	945	+20
Bank Tokyo	760	...
Bridgestone	582	...
Brother Inds	565	−9
Canon	1,130	−20
Casio Comp	1,780	...
Chugai Pharm	982	−11
Daiei	715	+10
Dai-Ichi Kan. Bk.	2,620	+30
Dai Nippon Ink	525	...
Dai Nippon Ptg	1,590	...
Daiwa House	900	...
Daiwa Sec	785	+3
Eisai	1,320	+10
Fanuc	7,390	+80
Fuji Bank	1,560	+20
Fuji Film	2,030	−30
Fujisawa	905	+10
Fujitsu	1,080	−10
Furukawa Elect.	350	−5
Green Cross	2,050	−10
Heiwa Real Est	826	−9
Hitachi	780	...
Hitachi Credit	1,160	+10
Honda	1,200	+10
Indl. Bk. Japan	1,080	+10
Ishikawajima Hr.	157	−2
Isuzu Motors	350	−5
Itoh (C)	433	+7
Ito. Yokado	3,060	+10
JAL	9,200	−250
Jusco	950	+4
Kajima	471	+1
Kao Soap	1,010	−10
Kawasaki Steel	158	...
Kirin	751	+12
Kobe Steel	182	+5
Komatsu	518	−5
Konishiroku	673	−7
Kubota	359	+5
Kumagai	780	−5
Kyocera	4,590	+30
Marubeni	338	...
Marui	1,560	...
Mazda Motors	390	...
Meiji Seika	548	−1
MEI	1,280	−20
M'bishi Bank	1,480	−10
M'bishi Chem	540	+5
M'bishi Corp	684	−1
M'bishi Elect	349	+3
M'bishi Estate	1,200	−10

JAPAN (continued)

Dec. 30	Price Yen	+ or −
MHI	366	−9
Mitsui Bank	1,060	...
Mitsui	452	...
Mitsui Estate	1,090	+10
Mitsui Toatsu	214	+4
Mitsukoshi	625	...
NGK Insulators	926	−1
Nikko Sec	725	+10
Nippon Denso	1,350	−10
Nippon Elect	1,390	−10
Nippon Express	610	−1
Nippon Gakki	1,600	+20
Nippon Kogaku	1,060	...
Nippon Kokan	132	...
Nippon Oil	821	+10
Nippon Seiko	580	−1
Nippon Shimpan	750	−15
Nippon Steel	156	...
Nippon Suisan	339	+1
Nippon Yusen	323	−1
Nissan Motor	570	−1
Nisshin Flour	500	+5
Nomura	1,060	...
Olympus	1,000	−10
Onoda Cement	350	−2
Orient Finance	256	+11
Orient Leasing	2,800	+150
Pioneer	1,750	−20
Ricoh	1,080	...
Sankyo	1,090	...
Sanwa Bank	1,400	+20
Sanyo Elect	400	...
Sapporo	622	−11
Sekisui Prefab	850	+8
Seven-Eleven	9,350	−10
Sharp	915	−17
Shimizu Constn	369	−6
Shionogi	792	+7
Shiseido	1,440	+20
Showa Denko	218	+10
Sony	4,060	−10
S'tomo Bank	1,710	+30
S'tomo Chem	248	−5
S'tomo Corp	760	+4
S'tomo Elect	891	−7
S'tomo Metal	140	+1
Taisei Corp	321	−8
Taisho Marine	642	+4
Taiyo Kobe Bank	715	...
Takeda	1,040	+30
TDK	4,430	−40
Teijin	490	−5
Tca. Nenryo	1,190	+30
Tokai Bank	1,000	+10
Tokio Marine	910	+20
Tokyo Elect Pwr	2,880	−10
Tokyo Gas	304	−3
Tokyu Corp	615	+8
Toppan Print	1,060	...
Toray	520	+1
Toshiba Elect	370	−5
Toyo Seikan	1,590	...
Toyota Motor	1,220	+10
UBE Inds	213	...
Victor	1,560	−20
Yamaha	640	−1
Yamaichi Sec	734	−3
Y'manouchi Phm	3,010	+40
Yamazaki	612	−18
Yasuda Fire	540	+10

SINGAPORE

Dec. 30	Price $	+ or −
Boustead Hldgs	1.10	−0.01
Cold Storage	2.59	+0.04
DBS	4.70	...
Genting	4.30	−0.04
Haw Par. Bros	1.88	+0.01
Hong Leong Fin	2.40	+0.05
Inchcape Bhd	1.50	+0.02
Keppel Shipyard	0.92	...
Malay Banking	4.38	+0.04
Malay Utd. Ind	1.55	...
Multi Purpose	0.57	+0.01
OCBC	7.25	...
OUB	2.61	+0.07
Public Bank	1.11	+0.02
Sime Darby	1.50	−0.06
Singapore Press	5.65	+0.05
Straits Trdg	2.14	+0.05
Tat Lee Bk	2.18	−0.01
UOB	3.24	+0.05

SOUTH AFRICA

Dec. 30	Price Rand	+ or −
Abercom	1.87	...
AE&CI	9.15	...
Allied Tech	56.0	...
Anglo Am. Coal	57.5	...
Anglo Am. Corp	39.5	...
Anglo Am. Gold	200	...
Barclays Bank	18.25	...
Barlow Rand	14.15	...
Buffels	61	...
CNA Gallo	1.9	...
Currie Finance	4.5	...
De Beer	16.4	...
Driefontein	48.75	...
FS Geduld	68.0	...
Gold Fields S.A.	37.25	...
Highveld Steel	6.0	...
Nedbank	8.0	...
OK Bazaars	12.75	...
Protea Hldgs	2.3	...
Rembrandt	51	...
Rust Plat	25.7	...
Safren	12.5	...
Sage Hldgs	9.7	...
SA Brews	8.2	...
Smith (CG)	24.25	...
Tongaat Huletts	7.35	...
Unisec	6.2	...

Indices

NEW YORK—DOW JONES

	Dec 30	Dec 27	Dec 26	Dec 24	Dec 23	Dec 20	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	1,541.28*	1,543.0	1,528.48	1,519.15	1,528.78	1,543.00	1553.18 (16/12)	1184.96 (4/1)	1553.10 (16/12/85)	41.22 (2/7/32)
Transport	705.61*	708.45	701.78	83.56	702.25	711.20	723.31 (18/12)	553.03 (4/1)	723.31 (18/12/85)	12.32 (8/7/32)
Utilities	171.78*	172.08	171.27	172.19	173.22	174.96	174.96 (20/12)	146.54 (4/1)	174.96 (20/12/85)	10.5 (28/4/42)
Trading vol	-	81.5m	62m	78.3m	107m	170m	–	–	–	–

	Dec 20	Dec 13	Dec 6	Year Ago (Approx)
Ind Div Yield %	4.12	4.12	4.28	4.99

STANDARD AND POORS

	Dec 30	Dec 27	Dec 26	Dec 24	Dec 23	Dec 20	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	232.84*	233.02	230.93	231.12	231.59	234.17	235.75 (16/12)	128.24 (4/1)	235.75 (16/12/85)	3.62 (30/6/32)
Composite	209.43*	209.61	207.65	207.14	209.57	210.94	212.02 (16/12)	163.68 (4/1)	212.02 (16/12/85)	4.40 (1/6/32)

	Dec 25	Dec 18	Dec 11	Year Ago (Approx)
Ind div yield %	3.88	3.41	3.48	4.12
Ind. P/E Ratio	13.51	14.77	14.09	10.69
Long Gov Bond Yield	9.29	9.33	9.54	11.37

N.Y.S.E. ALL COMMON

Dec 30	Dec 27	Dec 26	Dec 24	1985 High	1985 Low
128.49*	128.82	118.53	115.25	126.00 (16/12)	94.60 (4/1)

RISES AND FALLS

	Dec 27	Dec 26	Dec 24
Issues traded	1,983	1,957	1,978
Rises	1,123	852	520
Falls	428	615	960
Unchanged	432	490	498

NYSE-Consolidated 1500 Actives

	Stocks Traded	3.00p.m. Price	Change on Day
Union Carb	2,496,300	71	− ⅜
Mesa Petr	2,267,600	15⅛	− ⅛
Taxt.oil &	1,038,900	15	+ ⅛
Am Express	991,800	53½	+ ¼
CSX Corp	872,100	30⅝	− ⅜
Beatrice Co	844,800	45⅞	− ½
Wickes Corp	837,700	65⅛	+ ¼
Mesa Trust	817,100	1⅝	− ⅛
ATT	786,500	24½	− ⅛
IBM	732,500	158⅞	+1⅜

Advances 625 Declines 837

TORONTO

	Dec 30	Dec 27	Dec 26	Dec 24	1985 High	1985 Low
Metals & Minls	2,005.5*	2,053.12	closed	2,050.8	2199.7 (13/2)	1749.82 (30/10)
Composite	2,895.7*	2,882.5	closed	2,874.7	2884.3 (17/12)	2348.6 (8/1)
MONTREAL Portfolio	141.34*	141.28	closed	141.12	142.87 (17/12)	117.90 (4/1)

* Indicates pre-close figure

World indices

	Dec. 30	Dec. 27	Dec. 26	Dec. 24	1985 High	1985 Low
AUSTRALIA						
All Ord. (1/1/80)	1001.6	997.2	(c)	994.0	1052.2 (25/10)	715.3 (7/1)
Metals & Minls.(1/1/80)	496.2	492.6	(c)	480.9	565.8 (20/5)	352.5 (7/1)
AUSTRIA						
Credit Aktien (2/1/62)	116.68	116.10	(c)	(c)	121.56 (26/11)	61.21 (24/1)
BELGIUM						
Brussels SE (3/1/80)	2945.48	2928.05	(c)	2924.26	2986.86 (25/11)	2080.7 (18/1)
DENMARK						
Copenhagen SE(3/1/83)	(u)	236.81	(c)	(c)	257.57 (24/10)	159.44 (8/1)
FRANCE						
CAC General(31/12/82)	264.5	262.0	259.6	257.9	264.5 (30/12)	180.8 (3/1)
Ind Tendance(28/12/84)	(u)	154.20	151.8	150.9	154.20 (27/12)	100.1 (3/1)
GERMANY						
FAZ Aktien (31/12/58)	(u)	649.14	(c)	(c)	649.14 (30/12)	382.88 (8/1)
Commerzbank (1/12/53)	1951.5	1957.1	(c)	(c)	1951.5 (27/12)	1111.8 (8/1)
HONG KONG						
Hang Seng Bank(31/7/64)	1752.62	1750.57	(c)	1717.54	1762.61 (21/11)	1220.74 (2/1)
ITALY						
Banca Comm Ital. (1972)	480.04	486.76	(c)	(c)	480.04 (30/12)	228.58 (2/1)
JAPAN**						
Nikkei (16/5/49)	(c)	13083.18	13094.6	13018.7	13128.9 (17/12)	11545.2 (5/1)
Tokyo SE New (4/1/68)	(c)	1047.09	1043.81	1037.97	1057.55 (10/7)	916.93 (4/1)
NETHERLANDS						
ANP.CBS General (1970)	255.6	(c)	(c)	252.1	255.6 (30/12)	185.6 (8/1)
ANP-CBS Indust (1970)	242.5	(c)	(c)	237.7	242.5 (30/12)	147.8 (8/1)
NORWAY						
Oslo SE (4/1/83)	388.12	392.78	(c)	(c)	412.88 (12/11)	268.16 (2/1)
SINGAPORE						
Straits Times (1966)	620.04	614.54	605.55	(c)	852.65 (7/5)	596.11 (23/12)
SOUTH AFRICA						
JSE Gold (28/9/78)	—	1156.8	(c)	(u)	1277.1 (26/11)	828.3 (5/8)
JSE Indust (28/9/78)	—	1048.8	(c)	(u)	1049.2 (28/11)	787.1 (7/8)
SPAIN						
Madrid SE (28/12/84)	155.81	154.07	154.35	(c)	157.65 (16/12)	101.48 (2/1)
SWEDEN						
Jacobson & P (1/1/58)	1737.68	1,715.06	(c)	(c)	1750.59 (16/12)	1285.82 (9/7)
SWITZERLAND						
Swiss BankCpn(31/12/58)	587.9	588.50	(c)	(c)	587.9 (30/12)	386.7 (3/1)
WORLD						
Capital Intl. (1/1/70)	—	253.8	251.4	250.7	253.8 (27/12)	184.8 (4/1)

** Saturday Dec 21: Japan Nikkei 12,962.8. Dec 25: Japan Nikkei 13,097.8.

Base value of all indices is 100, except: JSE Gold—255.7; JSE Industrial—264.3; Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

OVER-THE-COUNTER *Nasdaq national market, 2.30pm prices*

Continued from Page 29

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

WE REGRET that Canadian prices were not available for this edition due to computer problems.

Prices at 3pm, December 30

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
26¾	16	AAR	.56	2.2	16	27	25¾	25½	25¾	
21½	10¼	AGS			17	166	u21⅝	21¼	21⅜	+⅛
15⅜	9⅞	AMCA				14	11	10⅞	10⅞	-⅛
50¾	33½	AMR			7	2171	41⅛	40⅝	41⅛	+¼
24¾	18⅝	AMR pf2.18		9.2		3	23¾	23⅝	23⅝	+⅛
22	19	ANR pf2.12		10.		2	20⅞	20¼	20¼	+⅛
11¾	7⅝	APL			5	18	10⅞	10⅞	10⅞	-⅛
16¾	9	ARX			15	42	16¼	16⅛	16⅛	-⅛
55⅝	32¾	ASA	2a	5.7		867	35¼	34	35	+⅞
27	10½	AVX	.32	2.2		56	14½	14⅜	14⅜	
28⅛	20⅝	AZP	2.72	10	8	1066	27	26⅞	26⅞	+⅛
72	39⅞	AbtLab	1.40	2.1	18	1409	66⅞	65½	66	+½
26⅝	19⅝	AccoWd	.50	1.9	19	55	26	25¾	26	
24¾	10	AcmeC	.40	3.4	17	187	12⅛	11⅝	11¾	-⅛
10½	7	AcmeE	.32b	3.6	13	21	8⅞	8⅞	8⅞	-⅛
19½	15½	AdaEx	1.92e	9.8		62	19½	19¼	19½	+¼
22⅝	14	AdmMl	.40	1.8	9	8	21⅞	21¾	21¾	
18⅜	8¼	AdvSys	.53t	3.0	16	82	17⅞	17½	17¾	+¼
36⅝	22⅛	AMD			42	1158	29⅛	28¾	28¾	-½
12⅞	10⅝	Adobe n				219	12⅛	11⅞	12	-⅛
17⅞	14⅝	Adob pf	1.84	11		17	17⅜	17¼	17¼	-⅛
17⅞	15¼	Adob pf	2.40	13		17	u18	17¾	17⅞	
14⅛	7½	Advest	.12a	.9	20	548	u14⅛	13¾	14	-⅛
53⅜	36	AetnLf	2.64	5.0	17	734	52⅝	52⅛	52⅜	+⅛
57½	52½	AetL	pf5.13e	9.7		5	53¼	53	53½	
48⅛	24⅝	Ahmns	1.20	2.5	8	107	48	47⅜	47¾	+¼
3⅝	2½	Aileen				71	3⅛	3	3⅛	
68¼	44½	AirPrd	1.48	2.3	13	346	65⅜	63⅞	64	-½
24⅜	17½	AirbFrt	.60	3.2	11	103	18⅞	18⅝	18⅝	-⅛

WE REGRET that this listing is incomplete due to computer problems.

Continued on Page 29

NYSE COMPOSITE PRICES

Continued from Page 28

AMEX COMPOSITE PRICES

Prices at 3pm, December

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begins with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

Continued on Page 27

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET

Weak data lowers the tempo

THE ANNOUNCEMENT of a disappointing increase of only 0.1 per cent in the Commerce Department's latest economic indicators took the bounce out of Wall Street yesterday, *writes Terry Byland in New York.*

With turnover reduced sharply ahead of the new year's day trading break, stock prices shaded lower after failing to sustain early gains.

At 2pm the Dow Jones industrial average was down 1.72 at 1,541.28.

The bond market also opened firmly, responding to the indication that economic growth remains sluggish. But, with hopes of an early cut in the discount rate discouraged by a surge in Federal funds rate, bond prices shed most of their early gains. The Fed helped liquidity with $2bn in customer repurchases when funds rate touched 7¾ per cent but the rate remained obstinately high.

Institutional trading desks were lightly manned, leaving the stock market to move sluggishly. The market's leading stocks remained steady but the active features reflected takeover and other special situations.

The Commerce Department's statistics were well below Wall Street expectations. Confidence in the prospects for further growth in the economy remained however.

IBM edged ahead by $⅞ to $156⅞, but turnover in the stock was well below recent levels. The Detroit motor stocks also held firm, despite warnings from some analysts that flagging sales could force further production cuts.

General Motors added $¼ to $72⅛, Chrysler $⅜ to $45⅞ and Ford $⅛ to $57⅞.

However, many of the blue chips began to drift lower at mid-session. Weak spots among chemical stocks included Dow, $⅜ off at $40⅜ and Du Pont, $⅜ off at $66⅜.

High on the NYSE active stocks list was Union Carbide, $¼ easier at $71⅞ after a Federal court upheld the board's efforts to fight off the bid from GAF Corporation – whose stock plunged $4¾ to $63½.

The list was topped by Mesa Petroleum, down $¼ at $15¼ as some major lines of stock changed ownership. Other oil stocks moved narrowly, Atlantic Richfield standing out with a gain of $⅜ at $62⅞.

Second thoughts on Friday's market rumours that Teledyne might merge with Litton Industries brought falls in both stocks. Teledyne at $326¾ gave up $9¼ and Litton at $83 was $1¼ lower.

In the retail sector, reports that the Christmas selling season has gone off better than expected left stock price mixed. Sears edged up $⅛ to $38⅜ and J.C. Penney by $⅜ to $55½.

Macy's, at $62¾, remained unchanged on news that some stores will be sold to Dillards. Toys R Us shaded by $¼ to $35¾ and K mart, the discount leader, was $⅛ off at $35⅛.

Financial stocks did well, reflecting in part the relatively good performance by the financial services sector disclosed by the Commerce Department's economic indicators.

Bankers Trust added $¾ to $73¼, and Chase Manhattan $⅜ to $71¼.

In the credit markets, Treasury bill rates were higher, in response to a Federal funds rate still at 7¾ per cent despite the Fed's help to the market.

Early gains in bonds were reduced by mid-session, when the long end showed net gains of less than a quarter of a point.

Institutional interest was low, with major traders concerned to balance positions ahead of the year end.

LONDON

Optimism inspires the buyers

A CONSENSUS of encouraging views on the London equity market's prospects for 1986 inspired buying yesterday and pushed stocks higher for the fourth consecutive session.

The FT Ordinary share index closed 9.7 higher at 1,133.0 and the broader FT-SE 100 share index added 14.7 to 1,413.6. Both settled at their highs for the day.

Gilt-edged securities suffered in the absence of institutional support.

Index-linked issues slipped lower from the opening, reflecting the possibility of lower UK inflation and closed with falls of up to ¼.

Chief price changes, Page 27; Details, Page 26; Share information service, Pages 24–25

HONG KONG

A WAVE of local buying, said to be window dressing ahead of the new year, took Hong Kong sharply higher in moderately active trading.

The Hang Seng index gained 22.25 to 1,752.62, underpinned by a 10 cent gain by Hongkong Land to HK$6.90 and a 20 cent rise by Jardine Matheson to HK$13.80. Both stocks were reported to be the subject of large buy orders by one customer.

Elsewhere, Cheung Kong gained 50 cents to HK$21.40, China Light 20 cents to HK$15.30, Hutchison Whampoa 60 cents to HK$27.30 and Swire Pacific HK$1 to HK$31.50.

Wing On (Holdings) dropped 75 cents to HK$2.75 as it resumed trading. The company had requested suspension on December 19 but reached agreement last week for Hang Seng Bank to subscribe to a 50.3 per cent stake in its Wing On Bank unit.

SINGAPORE

BARGAIN HUNTING, mainly by smaller domestic investors, took Singapore higher in thin trading and the Straits Times industrial index rose 5.5 to 620.04.

Some scattered overseas demand was also seen in a market cheered by a call by the Minister for Trade and Industry for a temporary reduction in contributions to the Central Provident Fund savings scheme – effectively a wage cut which would help companies caught in a cash squeeze.

Among active stocks, Singapore Airlines added 20 cents to S$4.34, Promet shed 1 cent to S$52 cents and Sime Darby declined 6 cents to S$1.50.

Hotels, properties and commodities rose in line with the general trend.

AUSTRALIA

END OF QUARTER book squaring underpinned an advance in thin Sydney trading that took the All Ordinaries index above the 1,000 level for the first time in more than a month, to finish up 4.3 at 1,001.6.

Pioneer Concrete was actively traded, gaining 10 cents to A$2.60, prompting market speculation that the group could be a takeover target in the new year.

BHP was lightly traded and closed down 4 cents at A$8.76 after a high of A$8.84. Among other leaders, CSR shed 5 cents to A$3.53 and Bell Resources was unchanged at A$5.10.

Heavyweight miners were lightly traded but were mostly higher. CRA and Western Mining each added 2 cents to A$5.44 and A$3.22 respectively, while MIM put on 3 cents to A$2.68 and North Broken Hill advanced 1 cent to A$2.35.

SOUTH AFRICA

GOLD SHARES closed slightly firmer in quiet trading in Johannesburg after trading resumed following a four-day holiday closure. Randfontein added R2 to R250 and President Steyn R1.75 to R57.50 and were among the best supported stocks.

Industrials were higher. French Bank continued to rise and was the day's highlight, climbing 25 cents to R2.10.

CANADA

LIGHT TRADING left most issues little changed in Toronto with rises narrowly outnumbering declines.

Bank of Nova Scotia was the most active stock, trading down C$⅛ to C$14¼, while Gulf of Canada eased C$⅛ to C$20⅞.

Montreal was also quiet with price movements held within a narrow margin.

TOKYO

Institutions dominate record run

INSTITUTIONAL investors have dominated the record-breaking Tokyo stock market this year, with trust banks' specific money trust and corporate pension trust accounts playing a pivotal role, *writes Shigeo Nishiwaki of Jiji Press.*

Spurred by easier credit and progress in financial deregulation, the assets of these accounts soared to Y2,820bn ($13.96bn) and Y11,350bn, respectively. In the case of specific money trusts, this represented an increase from less than Y1,000bn in 1984, while corporate pension trusts have been growing at some 20 per cent a year.

Tokyo markets were closed yesterday for new year holidays.

According to a survey by the Daiwa Securities' Economic Research Institute, institutional investors were net buyers of shares, investment trust funds recording a surplus of Y450bn, insurance companies Y300bn and banks Y1,850bn. Individual investors and non-residents sold Y1,300bn and Y700bn more shares than they bought.

Of banks' net purchases, specific money trust accounts represented Y1,000bn and corporate pension trust accounts Y500bn, together making up more than 80 per cent of the total.

The pre-eminence of institutional investors is illustrated by two major developments. Prices rose for the stocks they sought and fell for the ones they spurned, while their heavy buying of certain issues to earn quick profits often made price fluctuations wider and more erratic.

Institutions' massive purchases of biotechnology-related stocks, such as drugs and foods, buoyed the market in the first half of the year. Yamanouchi Pharmaceutical, a favourite, soared from Y2,480 in January to Y4,450 in February, the highest since it was listed on the Tokyo exchange.

The market has experienced lows as well as highs this year. The Nikkei stock average tumbled 345 points, the largest single-day fall on record, when institutional investors withdrew a vast volume of funds on April 16.

Institutions then turned their attention to large-capital issues such as Nippon Steel, Mitsubishi Heavy Industries and Tokyo Electric Power. Heavy purchases boosted the prices of these issues by Y30 to Y40 a day, compared with the usual daily fluctuations of Y1 to Y2.

The bout of institutional buying peaked on September 26, when turnover on the exchange totalled an unprecedented Y717.5bn on a volume of 1,355.53m shares, the second largest in history.

The dominance of institutional investors is expected to strengthen in 1986. Corporations awash with cash and eager to maximise their return on investment are predicted to expand their holdings in specific money trust accounts, while corporate pension funds will continue to attract more takers.

EUROPE

Confident run up to new year

THE BUOYANT activity that has characterised trading on European bourses this year continued as they moved toward the final session for 1985 with **Frankfurt** closing fittingly at a record.

Investors in all leading centres pushed prices higher during relatively heavy trading yesterday and demonstrated confidence in the outlook for the new year.

News that Hoechst's subsidiary Uhde is seeking a DM 10.1bn contract from the Soviet Union for a polyester plant reinforced optimism about West German industry and flowed over in the car and banking sectors.

The Commerzbank index firmed a further 14.4 to 1,951.5, the fourth consecutive record and 74.5 per cent up on the year.

Hoechst led the chemical stocks with a DM 20.50 rise to DM 293.50, while BASF added DM 1.50 to DM 270.50 and Bayer DM 5.50 to DM 275.50.

VW was the strongest of the car stocks, partly because of indications that it may move to take a majority stake in Spain's Seat group. It added DM 18.30 to DM 498.30, while Porsche rose DM 45 to DM 1,295 and Daimler DM 20 to DM 1,246.

Deutsche moved against the trend among banks to finish DM 10 lower at DM 925 as Commerzbank gained a further DM 20 to DM 365 and Dresdner DM 14.50 to DM 451.50.

Blue chip Siemens advanced DM 5 to DM 755 and among other electrical issues AEG closed DM 5.30 higher at DM 240.80 and IWKA was steady at DM 312.

Milan closed well ahead despite some late profit-taking, largely confined to banking and insurance stocks.

Fiat and Montedison were at the fore again with both hitting new highs. Fiat added L50 to L6,030 and Montedison L94 to L2,704.

Leading the insurance sector, RAS firmed L1,450 to L142,950 but Generali gave ground after its recent strong improvement to end L400 lower at L77,400.

The profit-taking among banks left them generally steady on the session but they remain one of the bourse's outstanding sectors during the year.

High volume was again a feature of business in **Zurich** as most areas moved steady forward during the session.

Banks and insurance groups dominated, with Swiss Bank up SFr 24 to SFr 472. Helvetia was suspended after exceeding the limit of a 10 per cent price increase.

Industrials continued to rally as Nestlé led the way with a SFr 450 rise to SFr 8,900, and among chemicals Ciba-Geigy recovered Friday's loss with a SFr 220 rise to SFr 4,050.

Amsterdam closed steady ahead of a two-day holiday with six of the bourse's eight indices closing at record levels.

Banks remained active with ABN up a further Fl 12 to Fl 600 and NMB Fl 9 higher at Fl 239.

The lower US dollar failed to dampen enthusiasm for Akzo, which was Fl 3.10 higher at Fl 142.50, and Philips, which added Fl 1.10 to Fl 61.90. Insurer Aegon improved Fl 5 to Fl 119.50 and Amev Fl 4.50 to Fl 90, capping a strong year for both stocks.

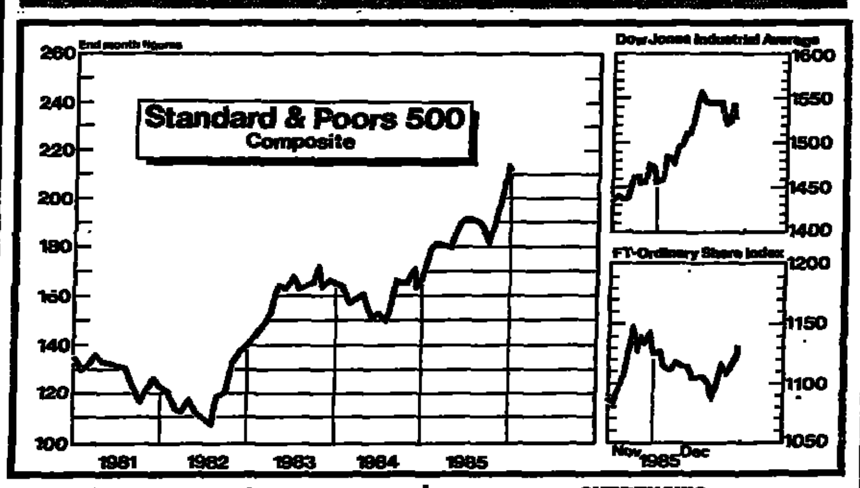
Small investors in **Brussels** took advantage of income-tax deductions that expired yesterday and were highly visible during trading for most of the session.

Holding companies, industrials, retailers and utilities put on strong performances with institutional investors active in the sectors as they closed their books for the year.

The tempo of trading heightened late in **Paris**, although price movements were generally small. The construction sector again stood out with most issues ending at or near record levels for the year.

Madrid's last trading session for the year was busy with banks, utilities and communication stocks ahead as rises held a clear advantage over losses.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Dec 30	Previous	Year ago
DJ Industrials	1,541.28*	1,543.00	1,204.17
DJ Transport	705.01*	708.45	556.81
DJ Utilities	171.78*	172.09	146.80
S&P Composite	209.43*	209.61	166.26
LONDON			
FT Ord	1,133.0	1,123.3	952.3
FT-SE 100	1,413.6	1,398.9	1,225.6
FT-A All-share	681.66	676.1	589.74
FT-A 500	748.69	741.37	646.46
FT Gold mines	246.0	239.8	478.9
FT-A Long gilt	10.41	10.41	10.39
TOKYO			
Nikkei	closed	13,083.18	11,542.6
Tokyo SE	closed	1,047.08	913.37
AUSTRALIA			
All Ord.	1,001.6	994.0	726.1
Metals & Mins.	486.2	480.9	409.4
AUSTRIA			
Credit Aktien	119.66	118.10	59.37
BELGIUM			
Belgian SE	2,943.48	2,928.03	—
CANADA	Dec 30	Prev	Year ago
Toronto			
Metals & Minls	2,066.80*	2,053.12	1,921.00
Composite	2,885.7*	2,882.5	2,388.0
Montreal			
Portfolio	141.34*	141.29	119.32
DENMARK			
SE	n/a	236.81	167.36
FRANCE			
CAC Gen	264.3	262.0	181.4
Ind. Tendance	154.2	154.2	100.0
WEST GERMANY			
FAZ-Aktien	626.21	649.14	381.18
Commerzbank	1,951.5	1,937.1	1,107.9
HONG KONG			
Hang Seng	1,752.62	1,730.37	1,185.67
ITALY			
Banca Comm.	460.04	456.76	228.17
NETHERLANDS			
ANP-CBS Gen	255.6	252.1	181.9
ANP-CBS Ind	242.5	237.7	145.3
NORWAY			
Oslo SE	393.12	392.76	286.77
SINGAPORE			
Straits Times	620.04	614.54	812.61
SOUTH AFRICA			
JSE Golds	–	1,150.8	950.7
JSE Industrials	–	1,046.8	934.7
SPAIN			
Madrid SE	135.31	134.07	100.0
SWEDEN			
J & P	1,737.66	1,715.08	1,354.48
SWITZERLAND			
Swiss Bank Ind	578.9	569.3	385.6
WORLD	Dec 27	Prev	Year ago
Capital Int'l	253.8	251.4	187.1

COMMODITIES

(London)	Dec 30	Prev
Silver (spot fixing)	407.85p	402.90p
Copper (cash)	£971.50	£971.50
Coffee (Jan)	£2,477.50	£2,517.50
Oil (spot Arabian Light)	$27.75	$27.75

GOLD (per ounce)

	Dec 30	Prev
London	$327.50	$327.00
Zürich	$327.50	$327.25
Paris (fixing)	$326.21	$327.96
Luxembourg	$326.25	$325.50
New York (Feb)	$330.60*	$329.00

CURRENCIES

	US DOLLAR		STERLING	
(London)	Dec 30	Previous	Dec 30	Previous
$	–	–	1.439	1.438
DM	2.463	2.472	3.545	3.555
Yen	201.0	202.2	289.25	290.75
FFr	7.5625	7.585	10.8825	10.9075
SFr	2.079	2.0875	2.9925	3.0
Guilder	2.775	2.7925	3.995	4.015
Lira	1,680.0	1,689.5	2,417.5	2,429.5
BFr	50.35	50.35	72.45	72.4
C$	1.3985	1.3985	2.0138	2.0135

INTEREST RATES

Euro-currencies (3-month offered rate)	Dec 30	Prev
£	11 13/16	11 15/16
SFr	4 5/16	4¼
DM	4⅞	5
FFr	13¾	13
FT London Interbank fixing (offered rate)		
3-month US$	8 3/16	8⅛
6-month US$	8 1/16	8⅛
US Fed Funds	7¾*	7 13/16
US 3-month CDs	7.65*	7.87
US 3-month T-bills	6.92*	7.19

US BONDS

Treasury		Dec 30* Price	Yield	Prev Price	Yield
7⅞	1987	99 23/32	7.996	99 23/32	7.996
9¾	1992	104 13/32	8.861	104 12/32	8.875
9½	1995	103 3/32	9.003	102 29/32	9.042
9⅞	2015	106 1/32	9.274	105 19/32	9.324

Treasury Index

Maturity (years)	Return index	Dec 30* Day's change	Yield	Day's change
1–30	138.23	+0.10	8.65	+0.01
1–10	134.63	+0.08	8.41	+0.01
1– 3	129.15	+0.05	8.04	+0.03
3– 5	136.49	+0.10	8.57	0
15–30	151.22	+0.18	9.53	0

Source: Merrill Lynch

Corporate	Dec 30* Price	Yield	Prev Price	Yield
AT & T				
10⅜ June 1990	101½	9.90	101½	9.90
3⅜ July 1990	86½	7.45	86½	7.45
8¾ May 2000	91¼	9.90	90¾	10.00
Xerox				
10⅞ Mar 1993	104¼	9.35	104¼	9.35
Diamond Shamrock				
10¾ May 1993	102	10.20	102	10.20
Federated Dept Stores				
10⅞ May 2013	102	10.40	102	10.40
Abbot Lab				
11.80 Feb 2013	111	10.55	113¾	10.30
Alcoa				
12¼ Dec 2012	108⅞	11.25	108⅞	11.25

Source: Salomon Bros

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT) 8% 32nds of 100%				
Mar	85–13	85–23	85–05	85–10
US Treasury Bills (IMM) $1m points of 100%				
Mar	93.25	93.29	93.22	93.27
Certificates of Deposit (IMM) $1m points of 100%				
Mar	92.62	92.45	92.45	92.40
LONDON				
Three-month Eurodollar $1m points of 100%				
Mar	92.29	92.33	92.28	92.35
20-year Notional Gilt £50,000 32nds of 100%				
Mar	111–10	111–17	110–09	111–15

* Latest available figures